

## THIRD DAY

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Thursday 08<sup>th</sup> November 2018

### DRAFT HANSARD

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**THIRD DAY**

**Thursday 8 November 2018**

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

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

Sitting suspended.

The Acting Speaker again took the Chair at 10 50a.m., and invited the Member for Moresby North East, **Honourable John Kaupa**, to say Prayers:

‘Hevenly Father, today the 8th of November 2018, mipela tok tenk yu long biutiful kantri of Papua New Guinea. Insait long dispela 2018 planti progress na developmen kam ap insait long kantri. Antap long dispela yu yet yu givim wanpela nesinol event insait long wel we APEC meeting bai kamap insait long next few days. Mi askim long wisdom na direksin bilong yu ikam long both sides of the Floor so det mipela ken stap olsem wanpela kantri, wan nesin, wan pipol lo ekstraktim dispela bikpela event bai kamap insait long kantri bilong mipela. Mipela igat difrenses but mipela laik askim yu long bel isi na marimari bilong yu mas kam long dispela haus of Palamen so det mipela sanap unaited insait long dispela bikpela event bai inonap kamap planti taim olsem nau emi kamap emi sans bilong dispela kantri bai mipela putim igo antap long wel map long economi long trasfomin dispela kantri bai gat namba long dispela world. Mi askim blesim bilong yu we ol Member long putim wan bel na wan tingting as mipela progress insait igo long dispela bun so det bai igat bel isi na diliveri of sevises mas ikam long pipol bilong yumi long dispela kantri. Long nem bilong Jisas. Amen.’

## **DEATH OF FORMER MEMBERS –**

### **Mr SUNUNKU KROKIE AND WILLIAM EBENOSI -**

#### **STATEMENT BY THE ACTING SPEAKER**

**MR ACTING SPEAKER** – Honourable Members, I have to inform the Parliament of the following deaths on:

(a) 17 October 2018 of Mr Sununku Krokie, a former Member for Henaganofi Open and was first elected to the Second National Parliament from 1977 to 1982.

(b) 20 October 2018 of Mr William Ebenosi, a former Member for Kiriwina-Goodenough Open Electorate and was first elected to the Sixth National Parliament from 1997 to 2002. He served as Vice Minister for Transport and Civil Aviation from July to December 1997, Vice Minister for Public Improvement Program Implementation till July 1999, Minister for Rural Development and Minister for Environment and Conservation on the 26 July 1999. Relinquished Environment and Conservation Ministry in December 1999, but continued being Minister for Rural Development till November 2000 and Minister for Home Affairs on the 3 November 2000.

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

*All honourable members observed a minute of silence as a mark of respect to the late gentlemen.*

**02/03**

## **VISITORS –**

**IOBUNA KOUPA PRIMARY SCHOOL**

**AND WAIGANI PRIMARY SCHOOL -**

**STATEMENT BY THE ACTING SPEAKER**

**Mr ACTING SPEAKER** – Honourable Members, I have to inform the Parliament that the Grade Seven students from Lobuna Koupa Primary School in Kairuku-Hiri District in the Central Province and Waigani Primary School and their teachers are present in the Public Gallery this morning.

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

## **QUESTIONS**

### **Extravagant Spending on APEC Cars**

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

The Prime Minister may relate to the land transport aspect of the APEC Meeting, in particular cars.

Let me be clear from the outset that in asking this question I am not opposing the purchase of cars to transport our leaders. But I do oppose the price and the type of cars that have been purchased, in particular Bentleys and Maseratis.

Mr Acting Speaker, such vehicles, in my view, do not reflect Papua New Guinea nor do they portray the image of a nation that we want to have. It is shameful that a country like Papua New Guinea where almost 40 per cent of the population earn less than US\$1.9 a day, we are now internationally famous on the back of Bentleys and Maseratis.

- (1) Mr Prime Minister, can you confirm that 819 vehicles have been purchased for APEC; 606 by us, our government, and 213 by the donors?
  - (2) Can you confirm that the 819 vehicles cost a total of K159 million with 606 vehicle bought by our government for K93 million?
  - (3) Why were the Maseratis and the Mahindras purchased from a company in Sri Lanka, which is not even a member of the APEC Convention?
  - (4) Why were the Bentleys bought from a company in Malaysia?
  - (5) How were these purchases financed or funded using the scarce resources that we have in PNG, particularly foreign exchange? Or were they financed from borrowings outside?
  - (6) If they were borrowed, what were the terms of these borrowings?
- Thank you, Mr Acting Speaker.

**03/03**

**Mr PETER O'NEILL** – Thank you, Mr Acting Speaker, and I thank the Member for North-West for his series of questions about the famous Maseratis purchased for the APEC Leaders' Meeting.

Mr Acting Speaker, as a former prime minister, he should know very well. He has attended APEC meetings on two or three occasions so I do not think they transported him around in a Toyota Land Cruiser or a push-bike for that matter.

*(Laughter-in-the-Chamber)*

**Mr PETER O'NEILL** – They gave him the best respect which is due to a leader who represents his country in the APEC Community.

Mr Acting Speaker, we bought the Maseratis, Mahindras and the Bentleys after a thorough process of the procurement process and discussions with many of the car dealers here in Papua New Guinea. None of the car dealers that we enquired with could provide the same colour at a lower price and at the same high standard of vehicle at the time that was required.

Mr Acting Speaker, this is if we were to purchase Mercedes, Range Rovers or Audis for the same colour at a lower price at the time it was required. That is why we had to look for car dealers outside the country who were able to deliver this on time for the leaders when they arrive.

Mr Acting Speaker, the former Prime Minister has made a similar complaint to other agencies of government. He has absolutely no evidence, just mere speculation because his colleague, Member for Madang, has gone to social media suggesting some numbers. He is a learned person and he should read and understand that we only operate in budgets that are approved by Parliament.

The allocation of APEC 2018 is K300 million so how can we spend K159 million on cars alone? Such ridiculous proposition for a senior leader of our country like Sir Mekere Morauta, who is supposed to know the value of the Nation but he is trying to embarrass our country by portraying us as a bad image.

The concerns that he has of us spending K93 million or K159 million on cars is totally false.

Mr Acting Speaker, let me say that we have bought 146 vehicles for the ongoing operations for APEC. And 123 of these vehicles will be used to transport our guests which include leaders, ministers and CEO's of large corporations throughout the Asia-Pacific region who are going to visit our country. We have also bought 44 cars and motorcycles for Police operations, which will be distributed right throughout the country after the APEC is concluded next week. We have also 166 vehicles which include vans, buses, ambulances and fire engines which have been gifted to Papua New Guinea by our partners.

Mr Acting Speaker, on top of that, we have Toyota Hilux utilities that are going to carry luggage and land cruisers and ten seaters for Police use. These are operational vehicles that are needed for us to host a very successful APEC Meeting.

Mr Acting Speaker, this is no different from previous hosting of the African-Caribbean - Pacific Summit where we had close to 73 leaders of that community around the world that were here in Port Moresby recently, the recent Pacific Islands Forum that we had in Papua New Guinea, the recent FIFA World Cup where the Government had to stand in and assist, the recent Rugby League World Cup matches that were hosted here, and the PNG Government had to step in and assist as well. There are many numerous bilateral partners' discussions and countries that are visiting Papua New Guinea from time to time and the Government is obligated to provide these kinds of vehicles and support that is befitting and necessary for these international visitors.

#### **04/03**

Mr. Acting Speaker, the Bentleys and Maseratis were bought because of strong interest from the private sector and all those vehicles will be sold, except for one Bentley, which is

going to replace the Governor General's aging vehicle. All the vehicles will be sold to the private sector through tender process immediately after the hosting of the APEC leaders meeting which starts next week.

Mr Acting Speaker, there are no agents for Maseratis and Mahindras here in PNG, there are none. You want to be a 'smart ass', you can say whatever you want, Member for Madang. There are none. That is why we had to go to the regional agent.

**Mr Bryan Kramer** - Point of Order! Mr Acting Speaker, just a reminder to the Prime Minister; we have Grade seven students in the House so in terms of his language, can he retract the comment.

**Mr PETER O'NEILL** – Mr Acting Speaker, apart from the nuisance that he continues to become, he is just an attention grabbing-member of parliament. You just arrived yesterday, so you know try and learn to respect other leaders while they are speaking and try and talk about facts and then you will become a great leader that you dream of becoming. And that, you will only dream of becoming.

Mr Acting Speaker, let me say there are no borrowings, internally or outside. There is absolutely no borrowing to buy any of these vehicles.

Government has deliberately gone ahead and bought these vehicles using the budgeted amount of money from finance. And of course we will sell it to recover the moneys that was used for the purchase of the vehicles.

Mr Acting Speaker, let's rally behind one of the memorable occasion for our nation; a historic moment for our country where 21 of the global leaders of the economies that control 60 per cent of the global GDP, 50 per cent of global trade and investment. These are huge potentials that are being offered to our country.

Mr Acting Speaker, while we are we always chasing for the investment dollar for our country, these are the people who control such a funding and the investment. These are the people that we need to engage with, and this is the time to show the best of Papua New Guinea and the potential of Papua New Guinea. That's why it is necessary to forget about the petty politics. We can worry about that after they go, but I think it's very important that we rally behind this very important meeting, and Sir Mekere knows the value of APEC. If he didn't know the value of APEC, why did he attend those meetings when he was Prime Minister? Was it just for a joyride?

Let's get behind it and support where it is necessary so we can be proud of our country.

Thank you, Mr Acting Speaker.

## Supplementary Questions

### Reveal Car Dealer

**Mr BRYAN KRAMER** - Mr Acting Speaker, the Prime Minister has failed to actually answer the question.

(1) Whose company were these vehicles purchased from?

He made the statement that my publication on *Facebook* were without facts. But here is the invoice. The invoice confirms that these vehicles were bought from a spare-parts sale company, not an international dealer.

Maserati does have a dealership in Australia but we went half way across the world to air freight these cars at a cost of K4 million, when most of our people cannot afford to get on the plane. The Prime Minister has failed to explain.

(2) Can he explain why he purchased it from a back-door dealer or backroad dealer in Sri Lanka?

The Bentleys that were purchased from a company called South Pacific Benches. This company is a paper company. The person behind these companies is also behind Borneo Pacific Pharmaceutical Ltd and is selling Bentley.

**05/03**

It had a page on social media and after it was made public it took down that page and is now hiding its identity. The Prime Minister has not explained why they are using a Malaysian paper company – a person that he made a citizen and he knighted, thanks to the Prime Minister. That person is now a millionaire because of Papua New Guinea. In a publication in his own country, he said he made all his wealth in Papua New Guinea.

We have a history of making foreign people millionaires.

So the Prime Minister must explain why these companies were chosen. He must also explain, under the *APEC Authority Act*, Section (21) functions of supply and tenders board, subsection (2) Tenders shall be publically invited and contracts let for purchase or disposal of property.

The Prime Minister said that these will be tendered when it goes for sale. That's fine, we haven't done that yet, but we want to know, where was the tender to purchase them?



That is what Papua New Guinea wants to know. When was it made public?

**Mr PETER O'NEILL** – Mr Acting Speaker, I thank the Member for his supplementary question.

Mr Acting Speaker, those two dealers have a relationship with the car sellers of Bentleys and the Mahindras, which is the Indian made cars sold by the Sri Lankan agents to Papua New Guinea. When we approached all the dealers here in Papua New Guinea, Mercedes dealers, Toyota dealers, Range Rover dealers, none of them could supply us the same colour or same quality of car at a price that was deserving.

Mr Acting Speaker, if we had to choose between the Mercedes Benz and the Maserati, the Mercedes Benz will cost over a million kina. On average cost including those as landed by the aircraft in PNG is about K500 000. That is K500 000 landed cost. We have done a deal that is going to benefit Papua New Guinea.

Mr Acting Speaker, let us have this argument after we have sold the car through public auction and see whether we have recovered the money or not.

In terms of South Pacific Ventures, yes, Sir Martin owns the car. He in fact volunteered to buy those Bentleys but I said no, it will go to public tender.

*(Members interjecting!)*

**Mr PETER O'NEILL** – He volunteered. Of course, it has been done before in other arrangements of events that were hosted by governments in the past.

Mr Acting Speaker, the private sector bought the cars and lend them to government. The government used them for few weeks or months and then the private sector picked up the ownership of the cars. That has been the arrangement in the past. Cabinets in the past and governments in the past have approved that, but I said, no, the Government will pay for it. We will tender it and he can buy whenever he wants it.

Mr Acting Speaker, there is interest in the private sector for the Mahindras, for the Maseratis and the Bentley. Only one Bentley will be held back for the Governor-General because his car is not fit to transport the Head of State. It's an aging car. He uses a Rolls-Royce which needs to be replaced.

Mr Acting Speaker, these cars will go on public tender and I am certain the Member for Madang has very rich friends who are financing him, they can also bid for these vehicles. I am certain one of them would want to run around in the Bentley. He can own a Bentley himself.

Mr Acting Speaker, we will put it out for public tender to be sold to the public and he is welcome to buy one of them.

Thank you, Mr Acting Speaker.

### **Rural Airstrips**

**Mr JONNY ALONK** – Thank you, Mr Acting Speaker. My questions are directed to the Minister for National Planning, and I ask the Minister for Civil Aviation to take note.

It concerns the rural airstrips. We talk about the development of the country and we need roads to access these places in order for development to take place.

Unfortunately, after 40 years, most of us, especially my electorate, have no road networks. I rely on the airstrips, which is quite sad and I believe it is the same in other electorates as well.

### **06/03**

Therefore I decided to seek information from the Rural Airstrips Agency and spoke to the CEO for three hours trying to find out what is really happening and if he has been given that mandate to look after the rural airstrips in the country. And if he is responsible, I wanted to know what he was doing?

We may have allocated funds in the past to that agency to implement its responsibilities, but I found out that the agency needs more resources to travel around to my electorate and others carry out their duties in the country.

- (1) Is the Minister for National Planning and Monitoring aware of the final situation and tell us more about those airstrips and who is responsible?
- (2) Does he have any plans in place for those airstrips?

I suggest that he work closely with the Minister for Civil Aviation and do something about those airstrips

I know most of you who use rural airstrips would like to know as well because we rely on the fixed winged aeroplanes for transport. Only seven or eight of 25 airstrips in my place are operational, and most parts of my electorate are inaccessible, so it is very difficult to deliver services to my people.

**Mr RICHARD MARU** –I thank the Acting Speaker, and I would like to thank the Member for the very important questions. I know his district in Madang is one of the most isolated districts and they depend mainly on airstrips, so I think this question is a very important one.

I want to start by confirming that the Government has provided K5 million in the Budget to start work on re-opening the rural airstrips right across the country. Over 100 airstrips have been closed due to lack of government funding and we are looking at increasing funding next year.

I would like to encourage the Open members in those remote areas to work with the RAA because K5 million is not enough to do everything. It will cost more than that to re-open all the airstrips. And because we all get DSIP, I hope you will make funding available to assist that entity so that they come around to your district, do a scope of work and look at which airstrips to be prioritised. We have over 100 to re-open, we started this year and I would like to see more re-opening.

I would like to encourage the Member and other members as well to work with the responsible authority to open these airstrips and if it means to use some of the DSIP to co-fund them to do scoping, we can help them with capital investment to re-open the airstrips.

So I would only encourage members to put some money to assist the agency in this situation.

**Mr PETER NUMU** – Mr Acting Speaker, I wish to seek leave of the Chair to ask a question to you relating to administration issues surrounding APEC.

**Mr ACTING SPEAKER** –Honourable Member, Are you trying to direct your question to the Chair?

**Mr PETER NUMU** –Yes, Mr Acting Speaker.

**Mr ACTING SPEAKER** –Go ahead.

### **Disallow Questions on APEC Meeting**

**Mr PETER NUMU** – Mr Acting Speaker, APEC is the largest international event in the country and it seems that members from both sides of the House have criticised this major event which in the long run will bring benefits to this country. And for the interest of this country, Eastern Highlands fully supports this event and we are prepared to sign certain investment agreements with provinces in countries like China. This is a great opportunity and we want to push for it to benefit.

**07/03**

This is an important event and when we criticise each other in Parliament it portrays a bad impression of our country to our international communities, especially the visiting countries attending the important event.

My question is; can you administer the questions on APEC and not allow questions that discredit this Government?

This is our country, whatever goes wrong can be addressed after the meeting. We should allow the government of the day to proceed with this event and if anything goes wrong we will address it later. This is a major opportunity and we must not jeopardise it because it will give a wrong impression to the international community.

*(Members interjecting)*

You guys shut up too! What are you guys going to do? This is our country.

**Mr ACTING SPEAKER** – Order! Honourable Governor, your question is out of order.

*(Laughter-in-the-Chamber)*

**Mr PETER NUMU** – Thankyou, at least I expressed myself.

*(Laughter-in-the-Chamber)*

### **State of Government Payroll**

**Mr IAN LING-STUCKEY** – Mr Acting Speaker, I direct my questions to the Deputy Prime Minister and Treasurer, concerning some very worrying information that we have received about the state of the government payroll.

Mr Acting Speaker, the government payroll is the largest single cost item in the Budget, even larger than the massive public debt interest cost being imposed on the people of PNG.

Mr Acting Speaker, the Treasurer promised as part of his so-called 100-day plan in point three that a new government would get the government payroll under control.

It sounded very sweet.

The 2018 National Budget estimated that the size of the payroll, also known as compensation of employees, would be 4137 million (K4.1 billion).

Mr Acting Speaker, as part of the budget process the September out turn report from round three of his 2019 budget process prepared by his most senior public servants indicated that payroll was expected to reach 5062 million (K5 billion).

In 2018, over one-fifth, 20 percent higher than an updated 2018 figure of K4118 million. This is a salary over-run of K944 million (K1 billion) of incompetent budget mismanagement.

My questions are:

(1) Can the Treasurer confirm that he has been informed by his highest rank public servant that the government payroll is expected to blow out by nearly K1 billion in 2018?

(2) Can he also please tell this Parliament who should be held responsible for such a massive failure that risks PNG's fiscal creditability?

Mr Treasurer, if not you, then who?

(3) Can he indicate what action the Government is taking to control such an enormous salary over-run? And please don't repeat point three again, we've heard it already

**08/03**

(4) How can we trust the Treasurer to get the Government's payroll under control in 2019 when he so clearly failed to do so in 2018 and 2017?

(5) Can the Treasurer confirm that the 2018 Mid-Year Economic Fiscal Outlook (MYEFO) Report revealed that there was an additional K418 million paid in section 4 transfers on 4 January 2018 described as and I quote, "to off-set salary over-runs" It is a clear example of simply delaying a payment until the very start of 2018 to make the 2017 deficit look better. It's a common trick.

(6) Can the Treasurer assure this Parliament that he will not simply defer salary payments from 2018 to 2019 to make the budget deficit look smaller again and will he budget fully for the cost of teachers and other workers including those promised in the 2018 and 2022 Medium Term Development Plan?

**Mr CHARLES ABEL** – Mr Acting Speaker, I thank the Member for Kavieng for his good questions and it is nice to see the Opposition back in action again after going missing for the last two days. I don't know what the value of that was particularly but it is good they are performing their functions again

*(Members Interjecting)*

**Mr CHARLES ABEL** – Mr Acting Speaker, you will have noted the Member for Kavieng on many occasions in this Parliament has spoken about the 2018 National Budget and called it a Fake Budget for various reasons on the revenue side and the expenditure side. You will notice that some of that rhetoric has stopped and he is starting to narrow down to some particulars because he knows essentially the Budget has been fulfilled and the parameters have been maintained. He is not talking about the taxation, dividends, revenue fake anymore. All that has disappeared because he knows that the Budget is being delivered.

The information that he is talking about in relation to Public Servants wages are information that we are admitting ourselves in the MYEFO. We are reporting that as public information. There is nothing secret about what is happening to the public service payroll. We have admitted that there continues to be some issues there. It is not a simple issue to deal with.

Mr Acting Speaker, we have instituted a process at the beginning of the year which we are going through in great detail, line by line, identifying exactly how these problems are happening. We are also instituting measures to make sure that these problems are limited.

Mr Acting Speaker, we have admitted ourselves that there is continuously an issue around the public service payroll.

The Opposition has admitted that there are issues around the teachers' pay for example. They are not simple issues. Why? Because it is very important in the front line that we have public servants there. We make sure our medical staff, our teachers and all the other essential services, particularly at the rural level, that the public servants are there and able to work and receiving their pays.

So on the one hand we complain about teachers being underpaid and on the other hand you come to Parliament and say that we have got an over-run in the public service payroll. Do you see the contradiction there? You accuse the Government on over-expenditure and on the other hand we are complaining about underpayment. This Government is spending money to ensure teachers are being paid properly. The number of teachers and health workers are increasing so that services can be provided.

There is a projection, which we have admitted to ourselves, the public servants pay may be blown out. But we have instituted through our good Public Service Minister measures

like hard ceilings to keep those appropriations in as much as possible to what is budgeted in the Budget.

Mr Acting Speaker, starting in 2019, we have also initiated in the last quarter of this year some of these hard measures and ceilings. For instance, at the moment the financial system allows the wage appropriation through the offline payment system to be exceeded at the discretion of certain public servants. This has to be brought under control.

But we don't want to do it at the expense of public servants going without pay on certain fortnights. It's a sensitive issue. We have to manage this very carefully.

You will notice that the audit advertisements have gone out to engage international experts to come in to provide for some of that independent insight as to what is happening. The task has gone back to the public servants themselves through our good chief secretary and he is doing his best to manage this process but we need independent people to come in and have a good look at this because it is such a complicated task. The other point is when you give a task back to the public servants who are administering their own payroll, it doesn't necessary lead to some of the outcomes we may be looking for.

### **09/03**

Mr Acting Speaker, it's an ongoing issue but all the other elements of the Budget are being fulfilled and, as I have explained, because our revenue is going up as the oil price goes up because our revenue is going up because our economy is starting to perform better the parameters will be maintained. And you'll see as we bring the 2019 Budget forward, there'll be some slight proposition to Parliament about a 2018 Supplementary Budget to take into account some of these measures that are required, especially the revenue that is coming in and some of the subtle changes to the expenditure side so that our fiscal deficit is maintained.

In fact, it slightly improved because the oil prices are well above expectations and some of our revenue collections are actually above expectations.

So things like tax import transfers and some of the details you mentioned, I am not sure about these but they will be factored into the supplementary budget appropriations as is the normal practice of government.

Mr Acting Speaker, we acknowledge these issues in relation to the payroll and the 2018 Budget will be delivered as reported. In closing, as I said, the Shadow Treasurer and his assertions about the 'fake Budget' are again incorrect. Things like the functional grants are going out to the provincial governments are being met in totality. Our district allocations are being met, public servants are being paid in full and their Nambawan Super allocation exit

payments are being met. These arrears in legacy issues, including the payroll structure itself are complicated legacy issues that our government is getting on top off step by step.

So, Mr Acting Speaker, we don't expect the blowout to be in the order of a billion. It will be significantly less than that but we acknowledge there continues still to be issues in the public service payroll.

Thank you.

### **Wafi-Golpu Mine Agreement**

**Mr GINSON SAONU** – Thank you, Mr Acting Speaker, for allowing me to ask this important questions on behalf of the people of Morobe Province.

My questions are directed to the Prime Minister.

Honourable Prime Minister, as you know, the Wafi-Golpu Mine is located in the Morobe Province. I am sure you must also be aware that Wau-Bulolo in Morobe Province is where Papua New Guinea's reputation as a gold producer started from back in the 1920s and 1930s. Morobe is the biggest province in the country, with the biggest population in the country, Lae is the gateway to the Highlands provinces and Lae is the industrial hub of Papua New Guinea.

Mr Prime Minister, I am deeply concerned that there are reports in the social media Business Advantage PNG Reports that the developer of Wafi-Golpu and the State have agreed to and will be signing an ad hoc agreement during the APEC Summit next week.

You are aware there is already an MOA process established by the *Mining Act*. That is the legally established process which, although interrupted by a court case, is still on foot and has not been completed.

We are further informed that the signing of a Special Mining Lease will not take place until the middle of 2019. It is to protect that process that I am now asking these questions.

- (1) Would you please confirm or deny that the Government has agreed to sign an ad hoc agreement at the APEC Summit?
- (2) If that is true, why was the Morobe Provincial Government and stakeholders not consulted?
- (3) If the proposed signing of the ad hoc agreement will go ahead as planned, will you inform all the stakeholders, landowners, State entities and the people of Morobe what the Heads of Agreement is all about?
- (4) Since the Wafi-Golpu MOA process has commenced, will you inform the House and all the stakeholders whether it is necessary to continue and complete all the due process?



(5) And if so, what are the legal consequences for abandoning it?

Thank you, Mr Acting Speaker.

**10/03**

**Mr PETER O'NEILL** – Thank you, Mr Acting Speaker. I thank the Governor of Morobe Province for his very important questions.

Wafi-Golpu is a very important project for our country and our government appreciates the support that has been extended to us by the Morobe Provincial Government and our good people of Wau-Bulolo and the landowners along the mine site area. There is an example of stake-holders who are willing to participate meaningfully with Government in making sure that we develop this project with the developers in an acceptable manner.

Mr Acting Speaker, our government has appointed a State Negotiation Team consisting technical people from the Mining Department, Treasury, State Solicitors Office and other relevant government agencies to deal directly with Wafi-Golpu developers, particularly Newcrest and Harmony so that they continue to discuss the way forward in terms of agreeing to develop this mine.

Mr Acting Speaker, the negotiation team is at the early stage and there has been no briefing to Cabinet or myself in the manner in which the negotiations are going at present. I do not see any development agreement being signed around APEC period and certainly any agreement that needs to be signed will be in full consultation with the Morobe Provincial Government and the people of Wau-Bulolo in particular the landowners. This is at early stages and any understanding that is reached by the developer is about the program going forward. It is not going to be in any legally binding agreement but for the benefit of the investors and potential financiers of this project we want to give a clear position that Government and the developers are ready to develop this mine. But the agreement of how this mine and how the stake-holders will participate in the development of this mine is yet to be negotiated and Cabinet and the State agencies are yet to advise Cabinet and myself on the work that has commenced already.

Thank you, Mr Acting Speaker.

## SUSPENSION OF THE STANDING ORDERS – EXTENDED TIME FOR QUESTIONS

Motion (by **Mr Allan Bird**) put –

That so much of the Standing Orders be suspended as would prevent the time for questions without notice this day being extended by 20 minutes.

There being no absolute majority, motion not carried.

### Functional Grants

**Mr ALLAN BIRD** – Thank you, Mr Acting Speaker. Before I ask my question, just for the benefit of the members who have asked questions, when other members keep quiet, a lot of good things are being revealed.

My question is in relation to the question raised by the Governor of Gulf to the Minister for Finance on 6 February, 2018. This is a follow-up question because I was interesting in that conversation while the Opposition sat quietly and allowed the Backbenchers to do some heavy lifting because the information that came out was very interesting.

The Governor of Gulf indicated that all provinces have received 80 per cent of their functional grants but this is interesting because none of the other governors said anything. Now, if Gulf and all the other governors who are sitting in the Government have received 80 per cent of their functional grants 2016, East Sepik got a 77 per cent cut. While all the other provinces got 80 per cent, East Sepik only received 30 per cent.

So, my questions are:

(1) What grudges do you have against the people of East Sepik that you have only allocated 30 per cent of functional grants?

(2) How soon will the rest be granted?

**11/03**

**Mr JAMES MARAPE**- Thank you, Mr Acting Speaker. I thank the Governor of East Sepik Province for asking these questions.

Firstly, let me place on record that in the Government of O’Neil- Able now and the O’Neil- Dion Government for the last five (5) years, we are proud of being fair to every district and every provinces across the country.

If there is a delay in the remittance of warrant for some provinces, let me assure the Governor who asked the question that his province will not be treated unfairly. The last I know of is that East Sepik is an integral part of this country. We don't want to treat East Sepik unfairly. My children are mix parentage of East Sepik.

*(Members interjecting)*

**Mr JAMES MARAPE** - Mr Acting Speaker, can you tell the Opposition Leader, please, he was once the leader of government business and knows the protocol of speaking and manner in the House. He was a treasurer before and he will confirm that when we distributed this, we distributed fairly to all districts and provinces across the country.

Let me find out exactly whether remittance to East Sepik or Northern Province including other province are slightly delayed or lesser compared to other provinces. But let me assure this House, we are not in the business of undercutting one province or one district. We are all mature enough and we show in the last five or six years. We are mature enough to play politics in this House, but what belongs to the people must go to the people and that is what we are all about.

Sometime last year some districts received much lower and are sitting right next to me. It is good Member for Bulolo and now Minister in this Government. He sat on this side for quite a long time and he always asked me these line of questions and I have always replied to him that, we are a fair government and it will come to you no matter how slow it takes but surely before we complete one fiscal year.

When you add up, almost all provinces will received the same sort of allocation. This Government will not allow the people of East Sepik to suffer, so let me assure the good Governor, we will reconcile and if East Sepik Province is tracking behind, before the end of the fiscal year, all provinces will receive the same sort of dispatchment.

**Mr SPEAKER-** Honourable members, Question Time has lapsed.

**NATIONAL EXECUTIVE COUNCIL –**

**ANNUAL REPORT 2017-**

**PAPER AND STATEMENT –**

**MOTION TO TAKE NOTE OF PAPER**

**Mr PETER O'NEIL-** Mr Acting Speaker, pursuant to statute, I present the annual report of the Department of the Prime Minister and National the Executive Councils for the year (2000).

Mr Acting Speaker, I ask leave of Parliament to make a short statement in connection to the report.

Mr Acting Speaker, it is my privilege to present the Department of Prime Minister National Executive Council Annual report for (2017),

Mr Acting Speaker we appreciate the tremendous effort that is given by the department and staff in supporting our government priority and in coordinating the implementations of government directives in (2016) so that we can continue to deliver an outcome to our people in terms of a development of our country and the continued economic growth of our country.

**12/03**

Mr Speaker, we all appreciate the tremendous effort of the department's support towards the Government's priorities in coordinating the implementation of the Government's directives in 2017 to deliver the results in our economic investments and delivery of development programs right throughout the country.

Mr Acting Speaker, we are all aware of that 2017 was another year of tight fiscal management where the Government focussed on minimum priority economic projects that could generate adequate revenue needed to deliver basic services such as education, health and transportation, to our citizens.

The two major additional expenditure items in 2017 were the National General Elections, and participation in the preparatory Asia-Pacific Economic Corporation (APEC) meetings for hosting APEC 2018 in PNG. This has been an additional responsibility of my department to deliver in the course of two years.

My Acting Speaker, despite this additional expenditure, the Government maintained its commitment to basic services, providing expenditure in 2017 of K1162.5 million in Education, K1221.5 billion in Health, K897.1 million in Transport, and K1124.5 million in the Law & Justice sector. An additional K248.7 million was released in warrants to fund the department's policy coordination and monitoring activities, as well as its operations.

The department achieved many outstanding successes in 2017. One major annual activity was the hosting of the Annual Leaders' Summit. In its 5th year, the 2017 Leaders' Summit was a success again with the theme: "Our five years Achievements – Next five years in the Balance".

The 2017 Summit provided the platform once again for all leaders to interface and discuss their achievements gained from the previous five years from the resources allocated by the National Government from the Ninth Parliament.

Mr Acting Speaker, most will know that our international relations are monitored effectively by the department, working in close collaboration with the Department of Foreign Affairs to provide myself and Cabinet ministers the best policy advice and logistical and protocol support.

During 2017, this support again enabled me to meaningfully engage in international dialogues while in attendance of meetings overseas as well as when I am hosting foreign dignitaries in PNG.

The engagements were many and included: the APEC Meetings; Pacific Small Islands Developing States Regional Preparatory Meeting on Oceans; Official Visit of the then Australian Prime Minister, Honourable Malcolm Turnbull. Our Foreign Minister was able to and support us in this work in attending the United Nations General Assembly (UNGA) in New York, USA.

Mr Acting Speaker, under the strong leadership of the Chief Secretary to Government, the many outstanding successes of the Department of Prime Minister and Cabinet in 2017 are too numerous to provide here.

I would, however, like to acknowledge the staff of the department and the Chief Secretary to Government for their continuous advice and support throughout 2017 towards my leadership and management of our country's domestic and international affairs.

Mr Acting Speaker, let me say this, we are able to continue to deliver to the agendas that we have set in the *Alotau Accord I* in 2017. In fact, the achievements have been well over 80 per cent of the targets we set in the *Alotau Accord*. We have been monitoring that and coordinating that through the department of the Prime Minister and NEC and I can assure this

House that *Alotau Accord II* remains our priority for this term of Parliament and we will work towards achieving those aspirations that we stated in that Accord.

Mr Acting Speaker, it gives me great pleasure to table the 2017 Annual Report for the Department of Prime Minister and National Executive Council to this Honourable Parliament

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

That the Parliament take note of the Ministerial Statement and the debate and further debates be made the order of the day for another Sitting.

Debate adjourned.

**13/03**

## **CIVIL AVIATION SAFETY AUTHORITY -**

### **2018 INTERNATIONAL CIVIL AVIATION ORGANISATION (ICAO) COORDINATED VALIDATION MISSION –**

#### **MINISTERIAL STATEMENT –**

#### **MOTION TO TAKE NOTE OF PAPER**

Mr Acting Speaker, I rise on this occasion and it gives me great pleasure in making this Ministerial Statement to this Honourable House and to the people of Papua New Guinea about the achievements in the Civil Aviation system.

I thank you also for allowing me to make this statement in relation to the recently completed International Civil Aviation Coordinated Validation Mission on the Civil Aviation Safety Authority of Papua New Guinea in March 2018.

Papua New Guinea is a signatory to the Chicago Convention on International Civil Aviation and as an obligation to meet international aviation safety and security standards, it has also agreed to participate fully in the universal safety oversight audit program and a continuous monitoring approach including among others the ICAO validation mission to verify progress on the level of compliance to these standards.

These standards are applied worldwide and the ICAO validation mission is for every individual country who are signatories to this convention to see whether we are complying with the safety standards that are applicable to all civil aviation systems. On the global stage and in terms of world aviation CASAPNG is the Independent State of Papua New Guinea's

international aviation authority and representative to foreign government's national aviation entities and to the international civil aviation organisation and to the global aviation community in general.

Mr Acting Speaker, in brief the Chicago Convention imposes on us as a contracting country to exercise positive means of control and to envision overall civil aviation activities in Papua New Guinea. Safety oversight is a function by which a state such as ours must ensure there is effective implementation of the ICAO standards and recommended practices. These are international benchmarks, critical elements of the safety oversight systems and relevant safety practices and procedures by CASA as a regulator on behalf of the Government.

The eight critical elements that encompass the whole spectrum of the civil aviation activities is; and these range from primary aviation laws, our civil aviation systems, technical personnel, qualification and training, licensing certification and approval, surveillance and inspections to resolutions of safety concerns to name a few.

They are building blocks upon which effective safety oversight system is based. The level of implementation of the critical elements is an indication of a state's capability for safety oversight. The critical element are the safety defence tools of a safety oversight system.

Mr Acting Speaker, by way of background; in August 2013, an ICAO Mission visited CASAPNG and due to certification, authorisation and approval processes for the issue of air operator's certificates, we were served with a significant safety concern which is similar to a report, that the country has some safety issues. The significant safety concern became a concern to the government. CASA Board and management as failure to adequately respond to it could result in PNG being sanctioned by ICAO, other member States or international air operators which would have adverse impact to our national economy. Meaning sometimes, flights might refuse to fly in and land at our airport.

**14/03**

However, I must commend the former Minister for Civil Aviation, Honourable Davis Steven and CASA PNG for working tirelessly to address the SSC and within a year, ICAO was satisfied with our corrective actions and lifted the significant safety concern (SSC) and that was a milestone in itself.

I commend the former government of honourable Prime Minister for achieving the removal of the significant safety concern within a year. And in most countries it takes more than two to three years for the removal of SSC because they got to put in all the infrastructures

to ensure that it is removed. But in our case it was done within a year, that's the commendable effort of the government.

Mr Acting Speaker, in accordance with the MoU covering safety related provisions of legislation, personnel licensing and training, organisation structure, aircraft operations, airworthiness of aircraft, air navigation services and aerodrome and ground aids, an ICVM was conducted again on PNG from March 6-14 2018.

Mr Acting Speaker, the on-site activity during which an ICAO team of subject matter experts collected, assessed and verified evidence provided by CASAPNG to implement corrective actions to address previously identified findings completed their work on 12 March and presented its findings on 14 March 2018. I was present at the presentation of the findings to show the Government's support to CASA and its work so that the experts from ICAO can see the level of service and commitment of the Government of PNG to the Aviation Sector.

Mr Acting Speaker, today, I am very proud to inform PNG that we have been given an updated overall Effective Implementation (EI) score of 62.16 percent from the previous 50.4 per cent. The result is an increase by 11.76 percent effective implementation measure of PNG's safety oversight capability which also means we have exceeded the global aviation safety plan and the Asia Pacific Regional Target of 60.1 percent.

Mr Acting Speaker, in the bigger picture in aviation safety, this result also allows CASA PNG to commence its implementation of the state safety program (SSP) framework based on data collection as per the Beijing declaration which I recently presented to this Parliament and in the longer term implement advanced safety oversight including predictive risk management.

Mr Acting Speaker, furthermore, the result will also kick-start CASA PNG's goal under its corporate plan to start pursuing category one approval from the US Federal Aviation Administration (FAA) which when obtained will enable commencement of direct commercial air operations between the United States of America and Papua New Guinea

Mr Acting Speaker, in the regional settings, the key outcome for CASA following the validation mission is that in the Smaller Island States of the South Pacific Region beside Australia and New Zealand, only PNG and Fiji has now achieved and exceeded the global aviation safety plan target of 60.1 percent.

**15/03**



Mr Acting Speaker, it is also important to note that the ICAO Validation Mission found no issues with our safety oversight system that warrants a Significant Safety Concerns (SSCs) to be served on Papua New Guinea.

Mr Acting Speaker, once again, the board, management and staff must be commended for the tireless work that they have undertaken to take PNG to this global arena of aviation. The organisation set itself a near term objectives and priorities to achieve a 60 per cent or above of effective implementation of the critical elements which has now been realised. They deserve the praise and commendations from this House. They are now aligning their priorities with the indicators contained in the Beijing Declaration which has also been included in the MTDP III.

Mr Acting Speaker, while we take some pride in CASA's achievements as an organisation, we must also note that the Validation Mission found that despite the improvement in other areas, the CE's with the lowest EIs after the ICVM still remain the technical staffing level at 25 per cent and financial resources at 33 per cent before the ICVM. This area continues to be CASA's challenges which we as a Government must lend our support.

Mr Acting Speaker, I stress that financial implications exist when we commit ourselves to addressing safety issues. The results at 33 per cent before and after the ICVM shows little support has been given to the aviation safety regulator. We have to support an organisation that is outcome focused and delivering the results and the commitment from the board, management and staff at CASA is putting PNG on the regional and global map

Mr Acting Speaker, the Government must commit itself to fund CASA to ensure that PNG continues to improve its effective implementation to attain equal to or above the Global Average EI by 2022 and implement the State Safety Program (SSP) by 2025 as required under the Asia Pacific Beijing Declaration

Mr Acting Speaker, an increase in the staffing numbers is critical in light of a significant increase in volume and scope of aviation activities including increased infrastructure and modern technology in the aviation environment. Central Agencies of the Government must understand the work that CASA does and support the request by CASA for additional staff based on their staffing models for the technical task that is required, which currently stands at only 15 technical positions to be filled.

Mr Acting Speaker, CASA has again demonstrated effective Human Resource Management and this is evidence by the organisation being the 2017 PNG Best Public Sector Employer for the second year in a row. They should be supported in this regard.

Mr Acting Speaker, support at political level is important to ensure that our commitment to global aviation safety and security contained in the Beijing Declaration is

met. The level of risk exposure cannot be disregarded and proper resourcing to achieve an effective level of safety oversight is essential to enable PNG to be the best regulator in the world.

Mr Acting Speaker, the Government's support to CASA's initiative to broaden economic development by seeking FAA Category 1 is required so that Government investment is diversified

**16/03**

Mr Acting Speaker, Government support to CASA's initiative to broaden economic development by seeking FAA Category 1 is required so that Government investment is diversified and directed to strategic growth area.

Mr Acting Speaker, despite the resource and funding issue, CASA has worked within the constraints and performed significantly well to achieve what I have provided on this floor of Parliament. CASA represent the Government of Papua New Guinea at both domestic, regional and the international arena and will always ensure that the agenda of the Government stated in the Civil Aviation Act is not compromised provided it is given the appropriate political support.

Mr Acting Speaker, the *Alotau Accord II* states this government's priority to infrastructure development to complement the government's drive to improve services in our communities by way of a safe, efficient and cost effective air transport network.

Mr Acting Speaker, the work that CASAPNG does complements the aims of the *Alotau Accord II*, and the Government's drive for improving aviation safety and security will be complimented by addressing the needs of

The key outcome of the ICVM is that PNG has now achieved and exceeded the Global Aviation Safety Plan including the APAC Regional Target of 60.1 per cent

Mr Acting Speaker, finally, safety and security of the travelling public is the most important priority for the Government. The public expects us, the Government to be responsible in ensuring that aeroplanes are safe to fly, the airports are safe to operate into and the associated aeronautical infrastructure are modernised and meets international standards.

Thank you, Mr Acting Speaker.

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

That the Parliament take note of the paper.

Debate deferred.

## ADJOURNMENT

Motion (by **Mr James Marape**) – agreed to –  
That the Parliament do now adjourn.

The Parliament adjourned at 12.10 p.m..

