

**SEVENTH DAY**

---

**Thursday 31 January 2019**

**DRAFT HANSARD**

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**HARRY MOMOS**

Acting Principal Parliamentary Reporter

## SEVENTH DAY

Thursday 31 January 2019

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 until the ringing of the Bells.

Sitting suspended.

Mr Acting Speaker again took the Chair at 10.50 a.m., and invited the Member for Kairuku-Hiri, **Honourable Peter Isoaimo**, to say Prayers.

‘Father God, mi tok tenkyu long dispela dei we mipela olgeta kam bung long Haus bilong ol pipol bilong Papua Niugini. Bai mipela wokim ol disisen konsenim ol. For each of us we are privileged to be representing our people in this Parliament. Father before we were born you earmarked each of us to be serving in this House. You knew us at the time of birth and to the time that we depart from this earth. You will hold us accountable for our own decisions and actions. Each day you know whether we are truthful to our people. On Judgement Day you will make the decision for us. As humans we are bound to make mistakes and we have sinned, O Lord. We pray that we may be redeemed and forgiven. Tude mi lotu long olgeta lida long hia. Givim blessing bilong yu long tanim bel na mekim ol wok long laik na save bilong yu, Amen.

## QUESTIONS

### Status of Cloudy Bay Timbers

**Mr ROBERT AGAROBÉ** – Mr Acting Speaker, I would like to direct my questions to the Minister for Forests.

Over the weekend, I drove down to Abau to check on my people and see how they were dealing with the recent rains and flooding in the area. Whilst there, I drove all the way to the Cloudy Bay area and towards *Robinson River* where there is a current bridge project.

I went right down to the end of Central Province to a place called Bam where Cloudy Bay Timbers had operated. I spent the night there and ate with my people and listened to stories of how they live there at the end of Central Province.

**02/07**

Mr Acting Speaker, what used to be a small thriving economy in that part of the province has now dwindled because of the shutdown in operations of Cloudy Bay Timbers.

When Cloudy Bay Timbers was operated under PNG Sustainable Development Programme (PNGSDP), they set very high standards and it was a very well-run company with downstream processing of timber. It was not too big but properly managed to an extent where we hardly heard complaints from the people. I visited schools and the clinic which served the community there but since the closure of the company, all these things have died out and the

people have reverted to what they were like 40 years ago. I guess the same will apply to the rubber factory in Moreguina.

My questions are;

(1) What is happening to Cloudy Bay Timbers? It seems to be going from owner to owner.

(2) Why were the landowners and the Central Provincial Government not informed about taking equity in this operation?

We would like to be part of it so that we can understand and know what is happening in these types of operations in our province for the benefit of our people.

**Mr DOUGLAS TOMURIESA** – Mr Acting Speaker, I thank the Governor of Central for his questions. I think these are important questions that need to be answered for the good of the people of Central Province and Papua New Guinea.

Mr Acting Speaker, the Cloudy Bay area has been a very contagious issue in terms of passing the buck from one operator to another. He rightfully mentioned that whilst the operation was under the PNGSDP, it brought a lot of benefits for the landowners and people in that area, especially the Abau District.

Since Cloudy Bay Timbers was sold to an Arab group which has since stopped operating because of security reasons and issues, which we have all read about in the print media. I believe it has been more than 10 years since its operations ceased. There have been some court battles and some of these involved the Department of Forests.

However, the courts have cleared some of those battles and the ownership is now with the Department of Forests. We are getting clearance from the State Solicitors to avoid more mess. We would like to see the area get more development. But more importantly, the road conditions there have deteriorated since the closure of the operations and the Governor and the Minister for Health can attest to that.

**03/07**

From the perspective of the Forestry Department, we would like to take ownership of the operations up there. It has a downstream processing plant which is one of the best so we would like to take over and at the same time make certain that the process that has died out comes back to our control.

Mr Acting Speaker, whilst I still have the Floor, let me mention that most times foreign operators in our country operate until just before their licenses expire and without our knowledge, they sign deals with other operators. And then when this deal does not work out they want to take us and the government to court for their rights.

I will give a typical example since the Governor was recently in the area. Three months ago an operator down there knowing that his license will expire in a months' time went ahead and sold his license to another operator in Malaysia. When it came to my attention I used the ministerial powers and cancelled that license straight away. I then got the landowners to meet with me and I asked them if they knew about the change of operations. The landowners did not have any idea, the provincial government did not have any idea and I had no idea.

Now, this operator has written to me saying that they will take me to court and I said take me to court, you have no right, my authority is the custodian of the forests in the country. You cannot go out and make any deals without our knowledge and expect us to honour this deal.

This is a typical example of this type of arrangements. That is why we are tightening up some of those areas by presenting a Bill on this Floor and I expect all leaders to support us so that we can stop this nonsense that is happening. I would like to see that provincial governments take some equity in all downstream processing in the country.

Thank you, Mr Acting Speaker.

### **MRDC - Sale of Pearl South Pacific Resort**

**Mr PATRICK PRUAITCH** –Mr Acting Speaker, my questions are directed to the Prime Minister.

Mr Acting Speaker, around August of 2011, Mineral Resources Development Corporation (MRDC) which manages landowner funds and provincial government interests in resource projects, especially in Enga, Southern Highlands, Hela, Western, Gulf and Central provinces invested a substantial amount of money in buying the Pearl South Pacific Resort in Fiji.

Mr Acting Speaker, I believe that its investment in this hotel today is well over K100 million. I would like to ask the Prime Minister if he can confirm a report that only last week the MRDC Board met in Fiji to sell this particular hotel.

Mr Acting Speaker, a lot of controversy has surrounded the management or mismanagement of landowner funds lately by MRDC, and so this issue is of public importance.

My questions are as follows:

- (1) Can the Prime Minister confirm whether or not this hotel has been sold?
- (2) If so, can the Prime Minister disclose the details of this transaction?
- (3) Who are the new owners of this hotel?
- (4) What is the selling price of this hotel?

**04/07**

**Mr PETER O'NEILL** –Mr Acting Speaker, I thank the Leader of the Opposition for his questions about MRDC and the sale of Pearl South Pacific Resort in Fiji.

Mr Acting Speaker, I am not aware of that particular transaction but I want to assure the Opposition Leader that I will answer that question tomorrow after I seek advice from MRDC and the Board of MRDC on the details of the transaction. I am not aware of who the buyer is but I will confirm tomorrow as well as the full details of the cost.

Mr Acting Speaker, MRDC is not the only one that invests in hotels and resorts in the Pacific. Other institutions like our own NasFund also invests around the Pacific particularly in Samoa, Fiji and Honiara. They invest in hotels and related assets or investment opportunities that appear in the region. Recently, the Grand Pacific Hotel which was owned by NasFund and PNG investors has also been sold to investors in Fiji, so these kind of transactions are taking place in the region and decisions are made by respective boards independently. There is no input what so ever from the Government but as a trustee of MRDC, I will get the details and table them tomorrow for the benefit of this Parliament.

### **MRDC - Purchase of Hodava Hotel**

**Mr MEKERE MORAUTA** –Mr Prime Minister, there is a very strong rumor that MRDC is in the process of negotiating the purchase of Hodava Hotel. I believe the hotel has a market value of K12 million but MRDC is reportedly offering K150 million. This is 12 and half times more than the market value. I also ask the question, who is the lucky owner of this hotel who turns to make a lot of money?

**Mr PETER O'NEILL** – Mr Acting Speaker, I thank the Member for Moresby - Northwest for his very speculative and rumour-based question.

Mr Acting Speaker, I don't respond to questions based on rumours and I don't think anyone in their right mind will pay K150 million for a hotel that is valued at only K12 million.

However, I will find out and respond to it as well, but for the benefit of this Honourable Parliament, there is nonsense on social media and rumours and speculation that goes on so please get some facts before we ask these questions.

It is becoming a regular case by some of our good honourable members that every time they here social gossip in bars and restaurants that they frequent all the time, they come here and undermine the Honourable House by asking silly and stupid questions like that. But for his benefit, I will find out and table those answers tomorrow.

### **Create New Ward and LLG Boundaries**

**Mr JONNY ANANIAS ALONK** –Mr Acting Speaker, my question is directed to the Minister for Inter Government Relations. Whilst having this opportunity, I would like to acknowledge and thank the Prime Minister of our country for doing a good job in the last 17 months. I am a newcomer to this Parliament as the Member for Middle Ramu. I also thank him for his concerns on issues raised by individual ministers and members on the Floor of Parliament. My appreciation also extends to the ministers for Finance, Treasury, Planning and Defense, mostly for the Baiyer-Madang road; one of the missing links which is eventually taking shape.

**05/07**

Mr Acting Speaker, I also acknowledge the people of Tewai-Siassi and their Member who has assisted in providing their ship to ferry the machines up the Ramu River. I didn't think that it was possible for the ship to make it up the Ramu River but it eventually did and now the machines are in my electorate doing the work to link Western Highlands and Madang. Work has now progressed to Aiom so I am very appreciative of the development in the district. I believe the same is happening in other districts in the country.

Mr Acting Speaker, we have the tendency to forget to talk about the many good things that are happening in the country. We keep talking about what is not happening and tend to ignore the development that is taking place around the country.

Mr Acting Speaker, going back to my question, we talk about the electorate boundaries at a national level but what about the LLG and Ward boundaries. I am concerned because in the past one member only had to look after 500 people in the wards, but now the numbers have increased and some areas have 1500, 1800 or even 2000. One councillor is looking after these number of people and the little K10 000 cannot cater for them.

Mr Acting Speaker, we should look into this area and try to come up with a strategy to divide the Ward and LLG areas to cater for a smaller number of people in each area. In that sense we will find it easier to assist from the bottom up starting from the LLGs, the Wards, electorates and then the province as a whole.

Therefore, can the Minister inform the Parliament whether he has plans to address this area of concern so we can look forward to it?

**Mr KEVIN ISIFU** - Mr Acting Speaker, I thank the Member for Middle Ramu for his important question.

Firstly, I would like to mention that boundaries for LLGs and the electorates come under the National Boundaries Commission. Let me also mention that in the case of ward boundaries, there have been similar issues faced in most other provinces. The population is growing, therefore, the number of people in each ward is increasing thus making it difficult for ward members to ensure services are delivered to the people.

Mr Acting Speaker, there is a law in place by way of the *Local Level Government Act* which enables the process of creating additional wards. In this regard, I urge the Honourable Member to come and see me and we can discuss the way forward. Let me reiterate by saying the process exists and is available to create additional wards so that each area is of a reasonable size to enable efficient delivery of services to the people.

Honourable Member, changing ward boundaries will also include the process of amalgamation. For instance, smaller wards can be combined to create one ward.

Mr Acting Speaker, all those processes are there so I invite the Honourable Member to see me so we can discuss the wards in his electorate of Middle-Ramu.

**06/07**

### **ENBP -Warangoi Power Station Agreement**

**Mr NAKIKUS KONGA** – Mr Acting Speaker, I direct my question to the Minister for State Enterprises but before I do so, I take this opportunity on behalf of the people of East New Britain to convey our grateful thanks to Prime Minister Mr Peter O’Neill who has delivered enormously to my province.

In 2014, the O’Neill-Dion government declared my province as a tourism hub in Papua New Guinea. Two years later, Kokopo Town was given city status and is now the fourth city of Papua New Guinea. Also on 2 October, the Government granted autonomy to East New Britain. I, therefore, thank the Prime Minister and his government.

Mr Acting Speaker, on a few occasions, I have had discussions over the phone with the Minister for State Enterprises regarding the Warangoi Power Station. The Minister is aware that the Warangoi Power Station was built 56 years ago, which is quite a long time.

Mr Acting Speaker, thirty-five years ago the Police led some government officials into Warangoi Power Station to sign some papers regarding this Hydro Power Station. In fact, what they signed was a State Lease for the land surrounding the Warangoi Power Station. It was an average of about 50 hectares. And up until today, there is no proper agreement in place.

Mr Acting Speaker, the water coming out of the Warangoi River is just as valuable as the water from the Sirinumu Dam in Port Moresby. And we value it as much as we value the water powering the hydro station up at Yonki Dam.

Mr Acting Speaker, the people from this area who call themselves the Kaket people. East New Britain has three ethnic groups; the Tolais who dominate 75 per cent of the province, the Kaket people and the Pomio people.

They have approached the provincial office on so many occasions to ensure that the agreement takes place so that the people can get some kind of benefit for their water and their land. Up until today they have not received anything at all.

On 5 December, 2018, plans were in place to close down the Warangoi Hydro Power Station. As a responsible Government of East New Britain Government I intervened and put a stop to the closure.

PNG Power has sent a legal officer to the province and we are working on the agreement now. They have given me an ultimatum that by 6 March, 2019, if nothing is done they will divert the flow of the river with machines which are on site as we speak and close the power station.

We have three power stations in Rabaul; one produces about 6 megawatts, Kerevat Power Station produces about 4 megawatts and Warangoi Power Station produces about 5 megawatts.

With the tangible developments and the status of the province we cannot afford to close down this power station because the province will be really on the back-foot in terms of industrialization and the provincial government's plans of growing the economy in East New Britain.

Can the Minister assure my people and tell us when his government officials will be coming to my province to sign this agreement?

**Mr WILLIAM DUMA** – Mr Acting Speaker, I thank the Governor of East New Britain Province for his important question.

I assure him that I will be personally going to his province very soon.

**07/07**

Mr Acting Speaker, as we all know, the O'Neill Government has decided that in addition to Port Moresby, we will have three other centres in our country: Kokopo representing the NGI Region, Lae representing Momase and Mount Hagen representing Highlands Region. The Government has actually ensured that Kokopo and Alotau be deemed to be the tourism hubs for our country and as far as you can recall through the efforts of the O'Neill-Abel government, World Bank was able to allocate funding of K20 million for those two centres.

In the case of Kokopo, in addition to the power issues the Government has also ensured that the East New Britain water system for Kokopo be addressed and work was done about two years ago. Apart from some concerns related to the defects, Kokopo should be able to enjoy good excess to water and sewerage after the defects have been settled.

Mr Acting Speaker, in addition to that, PNG Power through the assistance of the Asian Development Bank awarded a contract for the purpose of rehabilitating the Yonki Dam and the



Warangoi Hydro Scheme. This has been approved by the PNG Power Board and it will be cleared by Cabinet soon so obviously Kokopo remains the focus of the O'Neill Government.

In the case of the acquisition of the land from Kaket, the people of the Baining area, many years ago, this is one of those legacy issues that we have been trying through PNG Power to resolve. The Governor knows, it is not as if we have turned a blind eye to the concerns of the Kaket people. They remain very important people because as we all know the colonial administration acquired customary land and there is a process involving the Department of Lands so it is not a straight forward land matter. We have actually tried to send two officers from PNG Power to discuss the matter with the Department of Lands and we are fully aware of the genuine concerns of the people of Kaket.

The Governor has been doing a good job by reminding me about this particular issue and also at this junction, I would like to thank and acknowledge the Governor for helping PNG Power and the National Government in managing the people of Kaket because without the Governor's initiative we would have encountered a situation much worse. Therefore, I would like to commend the Governor for his efforts.

In relation to the question, PNG Power and I have been working on it and as soon as we have cleared all the legal issues surrounding the Customary Land Acquisition in consultation with the Department of Lands, we will offer a package to the people of Kaket in the Baining area.

Mr Acting Speaker, I hope that as soon as Parliament rises, I will be able to visit the province and help the Governor resolve this issue.

Thank you, Mr Acting Speaker.

### **Funding for Kudjip Provincial Hospital**

**Mr WILLIAM TONGAMP** –Mr Acting Speaker, I have been constantly standing up for almost one week and now you have finally recognised me.

My questions are directed to the Minister for Health and HIV/DIDS.

Firstly, let me acknowledge the Health Minister and the Government for the Health infrastructure and investment programs in the country. Today's newspaper reported the launch of a K7.5 million district hospital, which is the first in the country and a start for the 89 districts, and I congratulate you, Mr Minister.

In recent weeks I have had the opportunity to travel to some places like Goroka, Wabag and Lae which have big investments in the Health program.

**08/07**

I have a simple question from the people of Jiwaka, and I think the Minister has already received copied emails and correspondence.

I hear that the Kudjip Hospital, which was declared a provincial hospital by the Minister a couple of years ago, has not been funded since then. With this funding issue the management will shortly put out a notice to close the hospital. And following that, towards the end of February all patients won't be attended to but will be advised to seek medical assistance from either Chimbu or Mount Hagen.

Mr Acting Speaker, the hospital has about 240 regular staff and 100 project staff. As I said earlier, And in 2018, the hospital delivered over 3000 babies, treated 7000 inpatients and

over 60 000 outpatients. Therefore, the volume of patients that the hospital receives each day is much higher than compared to other provincial hospitals. Yet the hospital has not been benefiting from the Budget handed down every year, which is roughly K20 million for each provincial hospital around the country.

(1) Does the Minister have any budget plans for Kudjip Hospital?

The Church Health Services in the country has excluded Kudjip from their budget as well so the hospital really needs assistance from the Government.

(2) Can he also assure the people of Jiwaka that their hospital will not be closed?

**Sir PUKA TEMU** – Mr Acting Speaker, I thank the honourable Governor for Jiwaka for asking the questions in relation to Kudjip Hospital. I also want to acknowledge that the Nazarene Church who has been running the Kudjip Hospital is providing excellent health services in Jiwaka. The volume of work it does has been recognised by the NEC, therefore, I requested Cabinet to approve the hospital as a provincial hospital.

Unfortunately, the budgeting process through the Church Health Services failed to align sufficient budget support in the 2019 Budget. We have recognised that there was a shortfall of K4 million to K5 million in the Kudjip Hospital budget. I have noticed that and had discussions with the Treasurer, and we are finalising the paper to advise Cabinet about the significant shortfall, particularly on wages and salary.

And so normally what happens is that through the Christian Health Services since the Catholic medical services was separated from the main Christian Health Services the budget for Catholic Health Services in 2019 is around K50 million, and the balance went to the other Christian Health Services within the Budget. So we are assessing that at the moment, Honourable Governor, and have identified the shortfall of K5 million in wages and salary.

We have advised the management of Kudjip Hospital that we are aware of it and working around the clock to provide the funding for it. And because it's mainly the issue of wages and salaries it's easier to fund it within the total National Health Budget as well as the Church Health Services and the Catholic Health Services.

But I want to assure the good people from Jiwaka through the Governor that we are aware of it and working to rectify it.

### **Supplementary Question**

#### **Salaries for Church Health Workers**

**Mr JOE SUNGI** – Mr Acting Speaker, my question is very short.

Can the Minister for Health and HIV/AIDS inform Parliament, people of PNG and the health sector whether he has any plans of absorbing all the church health workers into the Public Service?

Both the workers of church-run schools and hospitals can be taken care of by the Government rather than only teachers who are being catered for by the Government. The Government should consider all the church health workers as public servants so that they are in par with the other public servants as well.

09/07

**Sir PUKA TEMU** – Mr Acting Speaker, I thank the Member for Nuku for his supplementary question. The reality is that the Government is responsible for paying the salaries and operations of all Church Health Services in the country, and the salaries are basically aligned with the National Public Service, it is not the Government's intention to make church health workers public servants. That is a different matter altogether. Through the Government-Church Partnership Policy we are now catering for the salaries and wages and operations of all health services provided by our churches.

### **Border Development Authority Management Issues**

**Mr TIMOTHY MASIU**– My questions to the Minister for Inter-Government Relations are in relation to the Border Development Authority (BDA). The BDA was established by an Act of Parliament and its function is to focus on established infrastructure development along the border provinces. It also operates a shipping service, the PNG Maritime Transport Services Limited, which is no longer operating and is in fact defunct. However, the employees are still holding onto positions and are still being paid as I speak.

Mr Acting Speaker, the authority appears to be mismanaged now by the acting CEO, including total abuse of funds, which resulted in staff being locked out of their office which is housed within the National Development Bank building.

(1) Why is the acting CEO hiring vehicles for his own use when he has a vehicle allocated to him for 24 hours, including vehicle allowances?

(2) Why is he continuously allowing his relatives to use the official vehicle?

(3) If the Border Development Authority is not functioning anymore, why are we still allowing it to be a burden to the Government and the people of this nation?

(4) Can it be immediately abolished?

(5) Why is the Government still paying salaries to staff of PNG Maritime Transport Services Limited, when it is not operating?

(6) Can an audit be carried out into the authority's operations and its finances?

(7) Is the acting CEO a fit and proper person to hold this office?

(8) If not then why is he not being replaced with a more qualified and competent person?

These are my questions and I hope to get a good response from the Minister.

**Mr KEVIN ISIFU** – Mr Acting Speaker, I thank the Member for South Bougainville and the Deputy Opposition Leader for his questions relating to the Border Development Authority.

Firstly, I want to clarify that following an NEC decision the Border Development Authority has been abolished and we are going through the process of repealing the Act that governs the authority. The process is ongoing and once completed, BDA will be completely abolished.

In relation to the mismanagement issues, these are serious concerns and is evident in all border provinces as similar complaints have been raised. This is one of the reasons why the Government has abolished the BDA as it was not serving its purpose.

10/07

The Government established this organisation to purposely give service to the border areas in the country. However, over the years BDA was mismanaged and many issues arose from there. There were also numerous complaints coming to my office in regard to those ships and how they were purchased.

Mr Acting Speaker, I will take note of the questions and see the staff there to inform me on the status of things and other issues in your electorate and respond to you in writing.

### **Ok Tedi Environment Management Act**

**Mr CHRIS HAIVETA** – Mr Acting Speaker, I raised some questions to the Minister for Environment, Conservation and Climate Change yesterday through a point of order during the passage of the Bill presented by the Minister. The Chair made a commitment that I would be given a chance to raise them today. I thank you for giving me the opportunity to ask those questions.

I thank the Minister for the initiative he took yesterday, but as I said, I had some questions for the purpose of clarity and for the sake of the people who are affected along the Fly River, and those right throughout the Gulf and Western provinces, including the Central Province.

My questions are as follows:

(1) Why did the Government develop a specific *Environment Management Act* for Ok Tedi instead of a general one for all mines and other petroleum developments throughout the country as stipulated under the seventh supplemental agreement?

(2) What are the implications of this Act?

(3) Will you take the existing environmental protocols in the current framework that Ok Tedi uses and adopt it or will you develop your own monitoring and evaluation processes outside of what OTML is currently carrying out at the moment?

As Honourable Sam Akotai raised yesterday, we have leaching going on in the dump areas where waste has been deposited. And this is leaching into river-ways which eventually ends up in the Fly River and thus the Gulf of Papua.

(4) Can CEPA assure the landowner communities of the Gulf of Papua including Western Province, Gulf and Kairuku-Hiri districts that the Ok Tedi Mine is not affecting our fish and marine organisms?

(5) Will CEPA carry out an environmental audit of the Ok Tedi Mine, now that it has the powers to do so?

(6) Can the Minister make a commitment to Parliament that this report will be made available and be tabled in Parliament?

11/07

(7) With respect to the capability of the organisation, can the Minister assure us that your organisation, CEPA, is capable of ensuring that landowner's legitimate environmental complaints about mining, petroleum and gas projects are properly investigated by carrying out prompt and effective monitoring of the complaints?

Thank you, Mr Acting Speaker.

**Mr JOHN PUNDARI** –Mr Acting Speaker, I would like to thank the Governor of Gulf for his very important questions. I would also want to thank him for alerting me to the questions yesterday and therefore I have prepared answers for his information as well as other members of Parliament and the public as well.

Mr Acting Speaker, with regards to the first question, Ok Tedi Mine is a brownfield operation meaning it is an existing activity and is in a very advanced state of operation. A specific *Ok Tedi Environmental Management Act* is, therefore, necessary as it logically enables powers contained in the *Environmental Act 2000* to apply to a mining project that is already in existence and is in a very advanced state of production. As well as being a mine that is in full operation the mining method and engineering design of mine waste treatment and disposal is also well documented.

The *Ok Tedi Environmental Management Act* that we passed yesterday and the Environment Permit to be issued to the mine project takes into account these issues and will regulate the performance of the mine from here on.

Mr Acting Speaker, the *Ok Tedi Environmental Act* will regulate the mine through an Environment Permit which will be issued to the mine as a result of the passage of the Act yesterday.

The Environment Permit contains conditions to be used to ensure the following environmental values are sustained and announced:

- Water Quality - Chemistry of Water,
- Aquatic Resource Availability - quantity and the diversity of plants and animals,
- Aquatic Resource Edibility - basically the presence of heavy metals in fish and plant tissues.
- Territorial Resource Availability - vegetation sustaining people's livelihood.
- Territorial Resources Edibility - presence of heavy metal in plants and animals.
- Navigability of the river - impact of the sedimentation, flood plan ecology, health of the flood and eco system.

All other powers dealing with the enforcement and management of the Environment Permit is contained in the *Environment Act 2000* exist in the main Environmental Bill

Any new activity that will take place outside of the areas covered under the *Ok Tedi Environment Management Act* will be regulated through the *Environmental Act 2000*. These activities are considered as new activities and would require full environmental impact assessment to be done on the activity before a decision is done under the *Environment Act 2000*.

So, Mr Acting Speaker, for the benefit of the Honourable Governor and members of Parliament, as I have said in answer to question one, it is a mine that is already in an advanced stage and therefore the Act that we passed yesterday was needed. But, any other investment that OTML will want to invest into are outside of what is an advance mine will be considered under the existing *Environment Act 2000*.

12/07

In relation to the second question, all the mining, petroleum and gas projects are required by the *Environment Act* to have an Environment Permit that sets out the environmental standards and requirements with the permit holder as to obey. When an environmental complaint is received by CEPA and if the complaint is legitimate, CEPA will engage an independent environment expert to conduct an environmental monitoring investigation to check that the permit holder is meeting all the environmental standards and requirements set out in the project Environment Permit.

Mr Acting Speaker, if the investigation shows that one or more standards are not being met CEPA can take a number of enforcement actions against the permit holder to impose compliance with the environmental standards. This includes the impositions of fines on the permit holder or suspension of the permit so that the permit holder ceases to operate. CEPA may also arbitrate on compensation claims if a compensation agreement is in place between the permit holder and the Landowner.

Mr Acting Speaker, this is the reason why an environment statement is very important in the initial stages of a project. For the Frieda River and Wafi-Golpu, CEPA is now going through a review of the environment statement that has been presented to us. This is awareness with the people so that we understand what impact the environment will have as the result of the operation.

Mr Acting Speaker, you can't have a tree standing here and you say, "That is no problem, we leave the tree standing but we dig for gold underneath it" The tree will have to be cut down. There will have to be some sacrifices and there will be some permanent footprints, Mr Acting Speaker.

In other areas there will be some rehabilitation works that the developers will undertake, but you know, it is standard mitigation and it is the best environmental practices that you want to apply as a result of assessments you make in an environmental impact statements that the operator provide to us.

Mr Acting Speaker, the third question relates to the pollution of the Gulf of Papua and effects on marine life. The OK Tedi Mine will be issued an Environment Permit as required under Section 13 of the *OK Tedi Environmental Management Act*. The Environment Permit will now enable CEPA to require the company to carry out periodic monitoring of the river system to ensure the environmental values defined in the permit are maintained.

Mr Acting Speaker, the Act now empowers us to do compliance on the performance of the company and that is very important insofar as the bill that we passed yesterday. CEPA will also undertake independent environment audits, if need be, of the company's environmental permit performance on the regular bases.

Mr Acting Speaker, with respect to the concerns on the pollution in the Gulf of Papua, it is well known that the Fly and Strickland River together with heavy rainfall discharges millions of tons of sediments into the sea. The mouth of the Fly River just like any other major river systems in the world, has always been affected by sedimentation. We are not aware of specific pollution issues in the Gulf of Papua coast specifically by the OK Tedi Mine, however, Mr Acting Speaker, studies carried out in the past relating to sediment movements do point to a movement of mud around the mouth of the Fly River. Whether this mud movements extends

as far as the Gulf of Papua is not known and will need to be ascertained and that is something that we can work closely with the Governor.

In addition, the Community Mine Continuation Agreements (CMCA) which has been in place now serves as an agreement for compensation for environmental damage covering the North, Middle and the South Fly communities. The *OK Tedi Environmental Management Act* recognizes the CMCA.

Mr Acting Speaker, in regard to whether CEPA will conduct environmental audit of the OK Tedi Mine. Yes, CEPA will undertake the independent environment audit of not only OK Tedi Mine, but also Pogera Mine. Its life span is also coming closer sometime this year, towards the end of this year, as well as the Ramu Nickel.

**13/07**

Mr Acting Speaker, this audit will be undertaken this year.

An environment audit done specifically for Ok-Tedi Mine is necessary to determine the stage of the environment, particularly with respect to the divine environmental values. The environment audit will also determine areas of focus and future environmental management and monitoring

Mr Acting Speaker, the Conservation and Environment and the Protection Authority that came on board had eased the burden in the capacity that we have never had in the past, that the organisation now has the ability with the support of the operators with the user pay policy that does not undermine our independence but we can be able to by law, independently be able to audit some of these major developments in the country, and I wish to thank the honourable members for your support yesterday in the passage of the Bill.

Thank you, Mr Acting Speaker.

**NATIONAL PARLIAMENT DAMAGE ASSESSMENT REPORT –  
STATEMENT BY THE ACTING SPEAKER –  
REPORT ADOPTED**

**Mr ACTING SPEAKER** - Honourable members, I present the Damage Assessment Report on the rampage and attack on the Parliament House by the members of the Disciplined Forces on 20 November, 2018.

I move –

That the report and its recommendations be adopted.

Honourable members, this is the only report that now provides the information as accurate as possible on the damages caused to the Parliament House and precincts and the cost of reparation.

As you are all aware, this incident has already been widely reported by the media locally and internationally, and this report comes at the right time to provide information that the Parliament needs to know and to act upon.

Honourable members, this report was prepared by the Damage Assessment Committee (DAC) comprising Parliamentary Service staff and covers the following Terms of References:

1. To investigate the extent of damage to property of the National Parliament, the Parliament House building and precincts;
2. To investigate the extent of personal damage, loss or theft of property; and
3. To investigate the extent of personal injury and trauma suffered by members of Parliament and their staff, the Parliamentary Service staff and members of the general public who were present at Parliament at the time of the incident.

The report was received, considered and accepted by the House Committee at its meeting on Tuesday, 29 January, 2019.

I now present it to this Honourable House to draw your attention and that of the Government's, to the results of the damage assessment conducted by the DAC, and to consider the report's recommendations for action that must be taken to fix the problem.

**14/07**

Honourable members, I am presenting this report with much sadness when considering that this attack and vandalism of Parliament House was caused by members of our Disciplined Forces - the Police and the Correctional Services personnel - the very people we expect to protect our people and our Parliament.

Whichever way we look at it, clearly, this unprecedented attack on the People's House was unnecessary, unwarranted and is a sad sign of disrespect for our national icon and a serious threat to our democracy.

Our expectation and that of our young nation of our Disciplined Forces, is that they would never be involved in such undisciplined action especially against our Parliament; but they did on November 20, 2018.

It is therefore our hope and prayer in discussing the issues contained in this report that this incident will never be repeated under any circumstance by our Disciplined Forces in the future.

Honourable members, this report is the outcome of a thorough assessment of the damage, including what happened on November 20, 2018, when the Parliament was attacked and vandalized.

I thank the Clerk and the members of his DAC for doing a great job in capturing the details of the damages, loss and injury caused during this incident.

Honourable members, this incident, which started around 10.30 a.m. and ended around 1.00 p.m. on Tuesday, November 20, 2018, involved around 150 members of the APEC Joint Security Task Force comprising RPNGC and CIS personnel, both male and female, who entered the Parliament precinct to protest over the non-payment of their APEC allowances. The protestors were met by the Speaker, Honourable Job Pomat, who asked them to return to the front of the Parliament to discuss the issue.

However, they became very irate and angry, so ignored the Speaker's request and started assaulting Parliamentary Service staff, rampaging around and through the Parliament building causing extensive damage to the building and equipment, and taking with them Parliament and personal properties.

Rocks, fire extinguishers and stanchions, used by security to cordon off areas, were used as weapons and thrown at the windows, glass panels and anything that was in their path.



Honourable members, the items that were destroyed, damaged, taken or removed from within the Parliament building and precinct during this incident, include:

1. Personal property stolen or damaged:  
mobile phones, external HD, tablet, several laptops, digital camera, bags, reading glasses, watch, cash and a chefs uniform;
2. Personal assault/injury/trauma to Parliamentary Service Staff:  
One staff being thrown into the fountain, one beaten unconscious and one thrown down a flight of stairs;
3. Vehicles damaged:  
Several state-owned vehicles, hired vehicles and private vehicles; and,

**15/07**

4. Parliament building, furniture, equipment damaged/taken:  
Including glass panels, computers (laptops), water coolers, security access for doors, X-ray screening machine at the gate, furniture, picture frames, refreshment rooms, security houses, elevators, door locks, flags and flower pots.

Honourable members, taking all of these damages and loss together, the total cost of reparation is K8 539 755.04. The breakup of the total cost is as follows:

1. Personal Property Loss/Damage/Theft K 126,842.86
2. Personal Assault/Injury/Trauma K1, 650,000.00
3. Vehicle Damage K 200,500.01
4. Capital Works & State Property;
  - Building & Maintenance K6, 040,064.52
  - Refreshment Rooms K 136,013.86
  - Security Division K 220,429.49
  - Miscellaneous & Other Costs K 165,904.30

This is a lot of money which the country can least afford to spend at this time of our financial situation. Even the National Parliament does not have this kind of money to fix these damages. But we have no choice. These damages, loss and injury have to be fixed to make our National Parliament building fully functional and operational. This obviously means cutting funding elsewhere to spend here.

Honourable members, in considering all of the matters that happened on November 20, 2018, the DAC has drawn the following conclusions in its report:

- Disrespect was shown not only to the Speaker but to the Parliament House itself by the members of the two Disciplined Forces.
- The actions of the members of the Disciplined Forces against the Speaker as the Head of the Legislature and the House itself paints a very bad image for Papua New Guinea
- The cost of repairing the damage to the building and the replacement of the stolen items will have to be borne by the Government, including the damage to vehicles, as comprehensive insurance cover does not allow for payment of damage done as a result of civil unrest.

- The House has become an unnecessary victim of the actions of the APEC Joint Security Task Force and its failure to properly compensate the members of the RPNGC and the CIS for their work for APEC.

- There is no justification for the actions of the members of the Disciplined Forces against the iconic National Parliament.

It is clear from the above conclusions that our National Parliament has become an unnecessary victim of the actions of others, over whom the Parliament has no control.

**16/07**

Honourable members, following on from its conclusions, the report makes six recommendations, which the House committee has accepted and with the Parliament has to consider seriously in order to protect the Parliament, its occupants and also to prevent similar actions happening again in the future.

(1) A full security assessment be carried out immediately on the status of security personnel equipment and procedures to ensure that this type of incident does not happen again and this assessment be given to the relevant authorities for consideration.

(2) Any repairs and maintenance to the Parliament building especially glass repairs, must comply with the current Building Codes and Standards and be in line with the relevant governing legislation that has been passed since 1984.

(3) The cost of damages be submitted to the Finance Department or the relevant line agencies such as the Royal Papua New Guinea Constabulary and the Correctional Institution Service to pay back on the provision of the Organic Law on the Relief of Members of Disciplined Forces from the Responsibility for the Consequences of Carrying out a Lawful Order.

(4) The cost of damages not to be taken out of the National Parliamentary Service recurrent budget for 2019 as that expenditure was not budgeted for and such an action would impact heavily on the daily operations of the Parliamentary Service.

(5) The relevant authorities take appropriate action they deem necessary in relation to this matter.

(6) Specific legislation be considered to protect the National Parliament building including the airspace above it together with the occupants of the building and the Staff of the Parliamentary Service if this legislation is currently not in existence to prevent such an incident from occurring again.

Honourable members, in addition to the above recommendations the House Committee in its deliberation has discovered that the Parliament does not have a current insurance policy for the members. This is partly due to the high cost of insurance and the underfunding of the Parliament annually to meet its obligation.

Since 2014, we are advised that the former Speaker, Theo Zurenuoc decided that the Parliament be self-insured and stopped payment to the insurance company. The Committee therefore recommends that the insurance policy of members be revisited as part of this process of addressing the issue brought about by this incident.

Honourable members, damage has been done and we must fix it. Heavy cost has to be paid from our limited public funds to fix the damages and loss of equipment including trauma

caused to the Parliamentary Service Staff. Our Parliament and our Staff of the Parliamentary Service didn't deserve this treatment.

In addition, we need to restore the respect that icon deserves and it will take a long while and can only be done with all of us good citizens working together for the common good of our nation, our people and our Parliament.

Honourable members, in closing let me convey our gratitude and appreciation to all Papua New Guineans who stood by our National Parliament during these darkest day of its existence.

**17/07**

Let me also convey our gratitude to our friends from around the world who shared in our shock and sadness, and for their concerns and their continuous support and respect for our national icon. We can only hope and pray that those who have caused this injury to our Parliament, our people and our democracy re-think their actions and show remorse as Papua New Guineans and as Melanesians.

And together let us all put this sad episode behind us and move forward together in 2019, to make our country a better and peaceful place for all of us to live in.

Honourable members, thank you and I commend this Report to the House.

**Mr CHRIS HAIVETA (Gulf) – I move –**

That Parliament take note of the report.

Mr Acting Speaker, firstly, I want to thank the Parliamentary Staff that compiled an extensive report. I also thank the Chair and the House Committee for bringing it to Parliament in such a short space of time so that we can have a look at it. There is no way to describe the incident, except as a black mark or a black dot in the history of our democracy as a country.

The inner sanctums of Parliament which is this Chamber is governed by the *Standing Orders*. The *Standing Orders* do not allow strangers in here. You must be mandated by the people through the electoral process and be sworn in to enter the Floor of Parliament. Outside precincts of Parliament is well defined and it is governed by the *Parliamentary Privileges Act*. That Act is also very clear as to who manages and administers that jurisdiction and how you come into the Parliament, and for you to then have the necessary meetings you are here for as members of Parliament or as ministers.

Mr Acting Speaker, as I said, when this incident happened, none of these things were taken into consideration. I totally agree and support the recommendations that have been put and if possible, I would like the House through the Chair to come back and tell us what course of actions have been taken.

Mr Acting Speaker, there are two things from this incident that I want to point out and be mindful of. Firstly, the precincts of Parliament was illegally entered into. Secondly, properties and the building were damaged, and thirdly, all the flags that are flying outside including our national flag and the symbol of our sovereignty, the flag by which we are recognised as Papua New Guineans, and all the provincial flags were also not respected and were pulled down and destroyed.

18/07

Mr Acting Speaker, there must be very strong laws and we must look at reviewing the *Parliamentary Privileges Act* and the *Constitution* to ensure that this incident never happens again. There are legal ways available for us to resolve problems and no one can take the law into their own hands like what members of our Disciplinary Forces did that day.

Mr Acting Speaker, I support the Report and the recommendations. I want to urge the Parliament and the Government that we must review all the appropriate legislations and ensure that this does not happen again.

**Mr PILA NINIGI** (Imbonggu – Minister for Higher Education, Science, Research and Technology) – Mr Acting Speaker, I also wish to support the report and thank you for bringing this before Parliament.

Mr Acting Speaker, we were still carrying out the APEC meeting when these officers demanded that we pay them their allowances. Do these people get paid for their services or not? These are paid people and their attitude cannot go unchallenged. We must condemn them for their attitude. Whoever that was responsible must be dismissed from our Disciplinary Forces. They are not fit to wear those uniforms. Why are we continuing to support them? There are some members of Parliament who encouraged those people. I do not see the Opposition condemning those people and their actions.

**Mr Joe Sungi** – Point of Order! Mr Acting Speaker, it is unbecoming of a very senior person and former Member of Parliament to throw accusations around.

**Mr ACTING SPEAKER** – Honourable Member for Nuku, can you withdraw your statement? He is not a former Member for Parliament but a current one.

**Mr Joe Sungi** – I withdraw my statement but I meant that he was here before and now he is back. Therefore he knows the Parliamentary Privileges better so he cannot be accusing anyone without facts and evidences.

**Mr ACTING SPEAKER** – Honourable Minister, please continue!

**Mr Thomas Pelika** – Point of Order!

**Mr ACTING SPEAKER** – Honourable Member for Menyamya, when a member has the Floor, we have to respect them. Once he is seated then you can stand up and debate, but what is your point of order?

**Mr Thomas Pelika** – Since they brought it up, I witnessed the unfolding of events and I was so shocked. When they were chasing us they were not heading in the direction of the Opposition offices but the other way. I almost punched one of them.

**Mr ACTING SPEAKER** – Your Point of Order is in order! Minister for Higher Education, please continue.

**Mr PILA NINIGI** – Mr Acting Speaker, if I had hurt some members of Parliament then I withdraw my statements but my point is that we must condemn such actions. These actions are unbecoming of our disciplinary men and women.

Mr Acting Speaker, none of you had the guts to face those people. I was the one who stood up to them and told them that their actions were wrong.

**19/07**

You all went inside to hold the meeting but none of you had the guts to confront them, I was the one who confronted them and said, ‘You kill me first, this is not right’. Those of you on Social media too did not condemn their actions - double standards! Whatever you do inside must be demonstrated outside too. It’s like saying something and then not honouring it. This building is one building which we have a lot of respect for because all the country’s decisions are made in this building. If you are encouraging these people to come in and damage this House, it’s a shame. There are ways to go about to change the Government but do not resort to damaging this House.

So, Mr Acting Speaker, I am ashamed of those who encouraged these actions. They have never condemned it. Under all the circumstances we must condemn this attitude and discipline them all. We must not let these policemen remain in the Police Force because their actions were very unlawfully conducted. On top of all this, I condemn the Opposition for this.

Thank you, Mr Acting Speaking.

**Mr WERA MORI** (Chuave - Minister for Commerce and Industry) – Thank you, Mr Acting Speaker, I just want to also make a short contribution to basically condemn an action that should have never happened in the first place while we are talking about it not happening again in the future.

This is the institution that reflects and represents Papua New Guinea as a Sovereign State and as correctly stated by the Governor of Gulf Province, it reflects on so many other factors and one of them being the type of people that are being recruited in the Disciplinary Forces. Are they fit and proper personnel to be in the Disciplinary Forces? Have their training been sufficient enough or are they just picking people of the streets, being bribed and putting them into the Disciplinary Forces as soldiers, or policemen or joining the CIS and taking oaths. There should be no stone unturned until the perpetrators of this crimes must be brought to justice. And they should not stop there, they need to investigate further to see if there are some national forces instigating this.

I am very concerned because I was having some post bilateral investors and the incident happened that morning and I was so embarrassed and just imagine explaining to people who came from other parts of the world.

And, so Mr Acting Speaker, we should not take this lightly as this was an attack on the Independent State of Papua New Guinea. This should be treated as treason and we must not let it go this easily. It has brought shame on us and so these officers have got to be dealt with appropriately.

Thank you, Mr Acting Speaker.

**Mr PAIAS WINGTI** (Western Highlands) – Mr Acting Speaker, when this incident took place, it really falls back on Papua New Guinean and how the country has existed and what has happened over the last 40 years. These are symptoms of some deeper meaning that have caused problems. We come from a culture where we respect authority and institution therefore when this happened, I was thinking, who are this young people and how did they get trained? Are they part of the human race? These were the thoughts that I was having because to me, this is an untouchable building that Papua New Guineans have grown up with. No one can touch this building or do anything to this institution.

Mr Acting Speaker, it is the state of mind of our leaders and our very own actions that can have an influence on others because everything starts from leadership. Societies are like pyramids and if our actions as leaders are right then the societies will follow good values and actions.

Mr Acting Speaker, this is a serious issue and all of us must take this in consciously because we are the custodians. The people have trusted us and put us into this Parliament and those kind of responsibilities go hand in hand. We cannot really underplay our sense of responsibility. Emotions and short term gains cannot be tolerated in this Institution of Parliament. We all have a responsibility.

The same principals apply to the Supreme Court Building and court houses in the districts. These are Institutions that Papua New Guineans must respect and if we don't do anything about breaking protocols, Mr Prime Minister and the Government, then something is basically wrong with us. If we don't do it then we are setting a very dangerous picture for this young country.

God gave this beautiful country with all the resources and small population so how can we go wrong. These are members of the Disciplinary Forces and so they should have gone to the Police Commissioner's Office or even to the Police Minister's house but not this Parliament.

*(Uproar in the Chamber!)*

**Mr PAIAS WINGTI** – Why did they come here? We cannot allow that. I feel this is a very serious matter, Mr Acting Speaker, and if we don't do anything on this issue then we can forget our country and nobody will respect us. We have been mandated by our people to come and sit here, we didn't come through the backdoor to sit in this Parliament.

**Mr PETER YAMA** – They have no mandate.

**20/07**

**Mr PAIAS WINGTI** - Mr Acting Speaker, both the Opposition and the Government must not encourage these kind of activities. There are boundaries involved in leadership; there are some things you can do and some things you cannot.

So, Mr Acting Speaker, I fully support your group and I hope some action is taken because Papua New Guinea is waiting. Parliament has been touched and this should never have happened.

Thank you, Mr. Acting Speaker.

**Mr ACTING SPEAKER** – Honourable members, I wish to remind you all that when a Member has the Floor, no other member can cross in front of him.

**Mr PETER IPATAS** – Mr Acting Speaker, I also want to join in the debate and I concur with other speakers before me. There is no reason why we should be afraid to take appropriate action. When we were first elected into Parliament, we took the Bible in our hands and made oaths as members of Parliament and by doing that we also took on the risk to make difficult decisions.

The comment made by the Governor of Western Highlands is very true, in that, if we don't take action then you might as well forget the rest of the offences committed by the people.

Mr Acting Speaker, I think I have mentioned many times before that respect for authority has been slowly dying out over the years. If leaders have not made that observations over the last 10 years then you must be on a different planet. It is a great concern in this country.

Most people do not respect the general rule of law. I have been constantly saying that we must change this kind of mindset because the moment you allow smaller things to happen, bigger issues will arise. Now that Parliament was attacked, what else are they able to do to get our attention?

Mr Acting Speaker, I also support the Western Highlands Governor's statement to unite as leaders of this nation and take appropriate actions. How many times are we going to talk about those Disciplinary Forces? If we don't get them right, you do not have a country. They are the ones who are enforcing the law, and now if they are breaking the law, who is going to respect this country and its laws?

There were some statements made in the media which I don't think leaders should make. They are committing a criminal offence. They are breaking the law so the onus is on us leaders, regardless of which side we sit, to take this on,

**21/07**

I am surprised to see that the Police Commissioner and the Correctional Institution Commissioner have not done anything yet on this matter. This is not something we should come to Parliament and debate on. If they are not doing their jobs, Honourable Prime Minister, they should be sacked on the spot. Why are we going to let one person jeopardise this country and its interests?

If we cannot arrest people in the Disciplinary Forces who break the law, especially by entering Parliament and causing damage to property and get away with it then we have a problem. Some heads must be rolling now.

I have asked this Parliament on a number of occasions to bring in the Australian Federal Police. Passage of other laws are done quickly but when are we really going to look at the interest of this country and bring in the Australian Police - who will be paid by the Australian Government - and save us from deteriorating as a country.

We are passing so many laws here and changing them from time to time but why can't we give immunity and bring in the Australian Federal Police. This is an independent country and we are the ones who are going to set the rules. We have a serious problem in this country because our officers are not going arrest their own kind, so who do we turn to?

Mr Acting Speaker, systems and processes of this country must be respected. Officers from the Disciplinary Forces acting in this manner is outrageous. If we sweep this issue under the carpet nothing will happen. Again, I concur with the statements made by Governor of Western Highlands and the other speakers. Let's make sure that the commanders and those in authority do their job.

On the long term, Mr Prime Minister, I want to make this call again. Milne Bay was trouble-free up until the recent incident which caused us to jump here and there. But in Enga my biggest challenge to developing my province is law and order. We cannot sit back and wait. I realize the need for external help. And if this is not another indication, what about the burning of the airplane in Mendi? It seemed Parliament House would never endure such damage yet it did. What else are we waiting for to happen? Sometimes we must humble ourselves let go of our ego and accept the facts for the interest of our people and our country.

Mr Acting Speaker, once again, I call on my own government to seriously consider engaging external help to restore order in this country.

We are talking about the highest office but so many corrupt practices are taking place in other areas which will bring this country down.

Mr Acting Speaker, let's take some action and admit that we need help.

**22/07**

**Mr PETER O'NEILL** (Ialibu-Pangia - Prime Minister) – Mr Acting Speaker, I rise to support the statement that you presented. It is timely that we put a conclusion to this saga that we have experienced with some members of the Disciplinary Forces. We have over 10 000 officers working in all the Disciplinary Forces but there are few individuals who continue to disregard the existing laws and take matters into their own and behave in a criminal manner and we must all condemn this in the fullest extent.

We have introduced this policy and so with one strike and you are out and that has to be enforced. It is not that we are forgiving and forgetting, we are talking about people who are responsible for upholding the rule of law, and if you are not able to uphold it yourself then you don't deserve to be in the disciplinary forces.

Mr Acting Speaker, in terms of allowances, these are administrative matters. Members of Parliament are not pay-clerks to just pay allowances from our pockets hence there are places where you can go to air your complaints. You either go to our departments or to the Police Commissioner where you can express your grievances and address them accordingly. The allowances that we have agreed to under the APEC arrangement is K200 per day and those have been paid. You all thought that because this was a very important occasion all allowances will be variously increased, well it doesn't happen like that.

Mr Acting Speaker, not only that but this Government in its wisdom endorsed a huge increase in salaries and benefits for Police and other Disciplinary Forces but they are still dissatisfied. When can we come to a stop and say listen, we have to do the right job for our country for what we are paid for.

Mr Acting Speaker, there are lot of issues but there are many governments who have not been paying out superannuation. We have been paying their superannuation almost up to date now. Nambawan Super has been paying out in a timely manner and this has been happening under our watch where we are trying to clean up some of this mess.



Mr Acting Speaker, we cannot allow these actions to be just swept under the carpet and make them think that they will not face the consequences.

Mr Acting Speaker, there have been some policemen arrested already but there must be more arrests. I have told the Police Commissioner that it is his primary responsibility to make sure he attends to this.

Mr Acting Speaker, in fact, there are records of text messages and all sorts of things from some of our leaders here. You should be ashamed of yourselves and learn from the older statesmen in this House. They've got issues about the affairs of the country and policies and debates, however, they do not go around talking about other ministers. This is the place where you are elected to debate, not to become a social media reporter. It is unbecoming of a leader.

Mr Acting Speaker, you should look into personal behaviour of leaders in this House and refer them to the Ombudsman because they are in breach of the Leadership Code. What right do you have to call people names who are your fellow members? You consistently talk about other members in a dis-respective manner. You just arrived here yesterday, Member for Madang, you just listen because you are one of them. You have achieved nothing in your life.

Mr Acting Speaker, this young man has attempted so many times to run for elections and now you are here because you were fortunate to win. So respect that mandate.

Mr Acting Speaker, name calling and disrespecting all leaders is something that we are creating and so the society is now disrespecting us as well. We are mandated leaders, some of us have families and tribes. We are all here because of our people so you have no right to criticise members when we are debating as a forum of the House. The Standing Orders of the House must be respected. Senior members know this and most of the young members have to learn and that's how you respect others and in turn others will respect you.

**23/07**

Mr Acting Speaker, there has been quite a lot of debates about bringing in foreign troops into our country and of course one of the sticking points is about immunity. I have no issues about bringing Australians, Americans, European Unions, United Kingdom policemen and women to come and work in our country to build up capacity and train our young men and women about discipline. But when we talk about immunity it must also go to our own policemen and women in the Discipline Forces as well.

Mr Acting Speaker, we have been in discussion with our public servants and found the solution. And that is to amend some of the legislation in the *Police Act* and other Discipline Forces Act about giving immunity in line of duty.

Mr Acting Speaker, we don't want to have other uniforms because we are an Independent State and we cannot allow a foreign uniformed officer to come and try and enforce our laws in our own country. We have also agreed with our public servants that they must be contracted and given immunity but must wear our uniform. If they are going to be policemen then they must wear the Royal Papua New Guinea Constabulary uniform and we will know that they are working for our country by obeying and implementing our laws.

Mr Acting Speaker, the second point I want to mention is that we have had a lax attitude towards the security arrangements in this Parliament. It is our suggestion to the Parliament, Committee and the Speaker that we privatise the security arrangement in this House by

advertising it immediately and beef-up security including strict control of movement of people in the precincts of Parliament.

Mr Acting Speaker, the entrance of the Members must be by Members only. Nowadays so many strangers are entering this Parliament and we really don't know who they are. The public must come through proper screening process. If you visit the Federal Parliament in Australia or the Congress in United States of America, you just cannot walk through. They will have to screen you thoroughly through the screening process. But here we take it for granted that everybody loves us and we don't allow the security screening process to take place.

Mr Acting Speaker, I think beefing-up security personnel and installing CCTVs. In fact, many of the culprits of this particular action are captured on CCTV and we already know the identities of these men and women. They must be prosecuted and brought to justice.

Mr Acting Speaker, I support the House Report, and we will support the actions that you have recommended.

Thank you, Mr Acting Speaker.

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

Motion – That the Report and its recommendations be adopted - agreed to.

Report adopted.

### **STATUS OF THE ECONOMY – MINISTERIAL STATEMENT – MOTION TO TAKE NOTE OF PAPER**

**Mr CHARLES ABEL** (Alotau – Minister for Treasury and the Deputy Prime Minister)  
–Mr Acting Speaker, I rise to make a report to Parliament on the status of the economy. I also acknowledge the very important debate that is going on and the hardworking members of Parliament for working through lunch time.

We may be coming to close of this particular Sitting of Parliament and may not sit for a little while and that it's appropriate I take the opportunity to update this House and the country on the status of how the situation is looking going forward into 2019, as far as the economy is concerned.

Mr Acting Speaker, obviously the economy is very important and it's the generator of many of the things that we are able to do as a government in terms of jobs, revenue and public service.

I want to remind Parliament as well as I have done previously that there is a reporting process through the *Fiscal Responsibility Act*, where the final budget outcome report will be tabled sometimes before 31 March but if it's not possible of the timing of Parliament, I will do the report publicly and then table the report at the next opportunity in Parliament and that will provide specific details and be a longer report. This is just an attempt to give a summary in terms of what we have understood from the closing of the 2018 account.

Mr Acting Speaker, I am pleased to report to this House that the budget and financial management strategies of this Government are working.

**24/07**

In terms of what we have understood from the closing of the 2018 accounts. And I am pleased to report to this House that the Budget and financial management strategies of this Government are working. In 2018, we continued to increase revenue collection and improved our fiscal discipline and importantly maintained our fiscal deficit and declining debt target. I do note that the gains in taxation revenue were offset by some losses on the non-tax revenue side, despite some good collections from dividends, and the revenue sweep exercise.

Mr Acting, Speaker, the provisional close of accounts data also shows that most of the Government's key expenditures were fully funded, with the Tuition Fee Free allocation being fully funded at 100 per cent. Other expenditures have achieved a 99 per cent completion rate as the Department of Finance is still to reconcile with the BPNG. These include the DSIP, PSIP and DSGs, the 2018 APEC funding, the medical drug supplies, Nambawan Super Exit payments, office rentals and utilities and so on.

Mr Acting Speaker, we continue to experience issues with the public sector payroll, despite the additional control mechanisms established in the final quarter of 2018. But we were able to pay our public servants the full 3 per cent pay rise granted in 2017 including back pay. Our public servants worked hard in 2018 and clearly deserved the increase. We have continued to place a high priority on recruitment into the police, teacher and defence personnel areas and this high, but important, intake is also contributing to the increase in PE expenditures. The Government, however, is determined to gain control of this large budget item and will bring a comprehensive policy reform package to the Parliament early in this fiscal year.

Mr Acting Speaker, despite this increase, the Government has made savings elsewhere in the goods and services area, and in lower priority capital spending areas. Preliminary figures from the close of accounts shows that the process was successful in maintaining fiscal discipline and limiting the amount of the cheque float carried forward into 2019. The float is expected to be below K200 million, which is much lower than in previous years and can be managed from 2019 cash flows.

Mr Acting Speaker, we were told by the Opposition that this was a 'fake budget', especially in relation to the revenue projections - that we would not meet them. The results clearly show the opposite to be true. Not only did we generally meet or exceeded the budget targets, the gains were made across the board. A fact that further contradicts the Opposition's more recent false claim that the successful budget outcomes were only due to unexpected revenue increases in the oil and gas sector.

Mr Acting Speaker, the impact of rising oil prices in 2018 did have an impression on our budget, and our economy. As did the significant loss of production due to the devastating earthquake. In light of these events, we did the responsible thing - we revised our budget estimates for 2018, including revised projections for mining and petroleum taxes. Preliminary revenue figures confirm that our forecasts were a reasonable and realistic response.

Mr Acting Speaker, oil prices are tied to gas prices, and have a direct impact on tax and dividend receipts from this sector. In 2018 oil prices averaged around US\$63 per barrel

compared with the 2018 Budget assumption of US\$68 per barrel. Whilst average oil prices were lower than budgeted, the lift in gas production and cost containment resulted in stronger profitability from the LNG project and higher than projected taxes and dividends. While our real GDP growth rate is expected to decline to 0.3 per cent in 2018 because of the adverse effect of the earthquake on mineral and gas export volumes, the outturn is much better than earlier predicted.

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At this stage it is too early to adjust the 2019 parameters and the situation is being monitored closely and will be faceted into the first quarter around our forecasting.

Mr Acting Speaker, whilst there is some mixed performance from lower oil prices in the early part of this year, exports of both gas and gold have continued to perform strongly. Gold prices are higher than our budget assumptions and according to reports from Oil Search for example, total sales revenues from LNG Gas, oil and condensate for the last quarter 2018 rose by 5 per cent to US\$ 487 million or K1.6 billion. Gas volumes have continued to increase based on the latest data received from the operator. Gas volumes are anticipated to increase by 9.8 per cent in 2019 compared to 2018.

Mr Acting Speaker, the immediate focus of the 100-Day, 25-Point Plan was to set in train the interventions required to improve fiscal discipline, and reverse the revenue decline and foreign exchange shortages.

In addition, to improve revenue collection and better controlled expenditure, the preliminary close-of-accounts data provides strong indications that the budget deficit will come in within the programmed amount of K1.89 billion or 2.3 per cent of GDP presented in the 2018 Supplementary Budget. Likewise, the preliminary debt to GDP ratio is also likely to be below the 2018 Supplementary projection of 30.9 per cent. This will maintain the Government's debt reduction strategy and as such, debt ratios will remain well within the compliance bank proscribed in the *Fiscal Responsibility Act*.

Mr Acting Speaker, restructuring the national debt was a key pillar of the 25-Point-Plan to reduce the over reliance on short term domestic lending, which was both expensive for Government, and served to crowd out the private sector and push up interest rates.

In addition to refraining from taking up Treasury Bills in 2018, we repaid over K300 million in bills back to the market by the end of 2018. This is already paying dividends as the market is now demanding longer maturity bills, and at lower interest rates. We are now starting to see lower risks in the portfolio and interest costs savings which, by the way, is completely opposite to the Opposition's misplaced assertions.

Mr Acting Speaker, we have delivered all elements of the budgeted financing plan including the award winning inaugural sovereign bond issue, and budget support modality loans from the World Bank and the ADB, which we had not been able to access for 20 years. This financing plan was a key initiative to enable debt restructuring, and also to ease the forex restrictions that had constrained the private sector over a sustained period. Importantly, this has been done whilst keeping debt to GDP at below 31 per cent.

Mr Acting Speaker, the Bank of Papua New Guinea has recently reported that the Government's strategy resulted in a K2.34 billion or nearly US\$ 700 million injection of funds into the foreign exchange market in 2018. On top of that, forex reserves have been boosted

significantly and the commercial banks are reporting that there has been significant progress in clearing the outstanding orders. More needs to be done but we are now tracking in the right direction.

The achievement of the Government's external financing strategy should see the foreign exchange imbalance extinguish by mid-2019. Coupled with the continued improvement in the payment of government arrears to the private sector and the support being provided to the agriculture and manufacturing sectors this will further lift business confidence.

Mr Acting Speaker, despite the foreign exchange injections by the Bank of Papua New Guinea, our international reserves are rising, as too our reserve cover. Additionally, we expect inflation to continue to decline. While the Kina has depreciated modestly further against the US dollar, it has remained remarkably stable against the Bank of Papua New Guinea's trade weighted basket of currencies. In fact it has appreciated against the Australian dollar.

These trends are expected to continue into 2019, meaning that we should see little imported inflation in 2019. These trends also demonstrate the strong fiscal and economic management under this Government.

Mr Acting Speaker, as we pursued the international financing and improved fiscal discipline with Government, we also enact a number of measures including taxation and tariff reforms to support the growth of local industry and enterprise, reduce the reliance on imports, tackle illicit trade, create employment and stimulate investment both domestically and foreign.

These interventions have worked to boost business confidence, as evidence by the investments being made and the reports from local industry in terms of future investment plans and employment prospects.

Mr Acting Speaker, the interventions that have been made under the first full year of implementing the 25-Point-Plan serve as a solid foundation for the further broadening and growth of our economy and supporting the new medium Term Development Plan of this Government.

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Further growth and expansion will be greatly boosted by the large scale long term investments in electricity, transport, and infrastructure that are also in the pipeline. These investments - some of which are to come on stream this year - will have a transformational effect on our economy.

Mr Acting Speaker, in addition we have the flagship Papua LNG and Wafi-Golpu projects scheduled to come on stream this year. These projects are vital to continue to spur the economy and create jobs for our people and as I have said before we are seeing substantial investments flowing into agricultural and manufacturing.

Mr Acting Speaker, all of this goes well for the future but only if we maintain a strict approach to fiscal discipline and continue to act strategically. May I say again that a very important part of this process and this discipline was the close-of-accounts process done through the Minister for Finance, Treasury and the Chief Secretary. It was activated in 2018 and is an important element in the process of this success going forward into 2019.

Mr Acting Speaker, the improved evident financial outcomes has meant that we have been able to meet most of our commitments as I have explained on the expenditure side to our

citizens, provincial governments and districts and again importantly superannuation and private sector areas are coming down and being addressed.

Mr Acting Speaker, the Opposition said we delivered a fake budget with unrealistic revenue targets, debt would spiral and we would never succeed with a sovereign bond. They said we could never address the foreign exchange problem or meet our expenditure commitment but actually we have.

Mr Acting Speaker, the international markets and our international partners will not be making decisions that they have been making unless they have confidence in our economy and the policies of this government. In fact, we have meetings with the rating agencies recently, after they concluded a mission here and it is looking very positive that they will revise our negative rating back to a positive stand after the huge earthquake that led to the revision of that ratings outlook. Importantly, confidence is restored at home mostly in our business community and through the increased investments in our provinces and districts and we very much felt that sentiment at the Prime Minister's presentation of the Business Council Meeting, this morning.

Mr Acting Speaker, 2018 was a remarkable year given the huge challenges particularly our biggest ever earthquake and of course delivering the biggest international event that our country has ever hosted in the APEC. It is actually quite amazing what our country has achieved despite those challenges together by everyone under the leadership of our Prime Minister.

There are of course too many outcomes that are too many to mention at this point in time that are happening at the provincial and district levels through the activities and programs of the members of Parliament and throughout Public Service.

Mr Acting Speaker, the results that I have shared in brief today validate the statement that this Government has made from the beginning. They show that we have begun to stabilise the economy and we now have a solid basis which we now continue to grow and broaden. Of course there are challenges that remain before us but we have to remain focussed and disciplined to continue the gains that we have made. We have the local level government elections, we also have the ABG Government Referendum and there is talk that there may be an El Nino that we may have to contend with so we need to take into account those challenges and we remain exposed as always to the commodity market. A lot depends on what happens with the oil prices which has been particularly volatile in recent times and greatly impacts our Budgets.

However, Mr Acting Speaker, in spite of these challenges and the great expectations of our people, we are very confident on this side that the 2019 Budget framework remains on track to deliver the least and economic framework employment and growth in income envisions to our plan expected by our people.

I thank the Parliament for allowing me to present this paper.

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

That Parliament take note of the Deputy Prime Minister's Ministerial Statement.

Debate adjourned.

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### MOTION BY LEAVE

**Mr JAMES MARAPE** (Tari-Pori – Minister for Finance and Rural Development) – I ask leave of Parliament to move a motion without notice.

Leave granted

### SUSPENSION OF STANDING ORDERS – APPOINTMENT OF ASSISTANT SPEAKER AND MEMBERS OF PERMANENT PARLIAMENTARY COMMITTEE

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

That so much of the *Standing Orders* be suspended as would prevent me moving two motions relating to the appointment of an Assistant Speaker and Members to the Permanent Parliamentary Committee on Appointments.

### PERMANENT PARLIAMENTARY COMMITTEE ON APPOINTMENTS – APPOINTMENT OF MEMBERS

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

That in accordance with Standing Order 24B, Mr Renbo Paita, Dr Lino Tom and Mr Koi Trappe be appointed members of the Permanent Parliamentary Committee on Appointments.

### APPOINTMENT OF ASSISTANT SPEAKER

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

That in accordance with Standing Order 14, Mr Richard Masere be appointed Assistant Speaker.

### ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 1 p.m.