

## FIFTH DAY

Tuesday 2 July 2019

## DRAFT HANSARD

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PARLIAMENTARY DEBATES  
CORRECTIONS TO DAILY DRAFT HANSARD


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Corrections maybe marked on a photocopy of the Daily Draft Hansard and lodged at the Office of the Principal Parliamentary Reporter, A1 - 23 (next to the Security Control Room).

Corrections should be authorised by signature and contain the name, office and telephone number of the person transmitting/making corrections.

Amendments cannot be accepted over the phone.

Corrections should relate only to inaccuracies. New matters may not be introduced.



HARRY MOMOS

Acting Principal Parliamentary Reporter

## **FIFTH DAY**

**Tuesday 2 July 2019**

The Acting Speaker (**Mr Jeffery Kamal**) took the Chair at 10.00 a.m.

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

Sitting suspended.

The Acting Speaker again took the Chair at 10.40 a.m., and invited the Member for Rigo and Minister for Civil Aviation, **Honourable Lekwa Gure** to say Prayers:

‘God our Heavenly Father, we bow before your Holy throne acknowledging your Lordship and your Kingship. Father we thank you for this opportunity to serve our people in this House. We are not worthy to come into your holy presence but we are able to because of your redemptive action taken by our Lord Jesus Christ that we are able to come into your Holy presence. We come not because of who we are but because of who you are. We come not because of what we have done but because of what you have done for us. We thank you for your presence with us today, in this Honourable House. Be with us in our discussions and our deliberations. Father we ask you to give us your wisdom and your knowledge and we thank you for being in this position, so that we are able to serve our people. We bring our prayers to you, through the name of our Lord Jesus Christ, Amen.’

### **CONGRATULATORY MESSAGE – STATEMENT BY THE ACTING SPEAKER**

**Mr ACTING SPEAKER** – Honourable Members, I take the Chair to conclude the congratulatory message to the election of the Member for Tari-Pori as the Eighth Prime Minister of the Independent State of Papua New Guinea. I also acknowledge the former Prime Minister, Honourable Perter O’Neill and the Opposition Leader, Honourable Patrick Pruaitch. It was a rare moment and honour to chair the first session of the eighth Prime Minister. I extend my congratulations and acknowledge the Deputy Prime Minister Honourable Steven Davis and Ministers of the Marape-Steven Cabinet.

## QUESTIONS

### Education - TFF Funding Failures

**Mr IAN LING-STUCKEY** – I direct my questions to new Minister for National Planning and of course also to the old Planning Minister in the O'Neill regime.

My questions without notice are in regards to the education sector and the failures of funding that this sector continues to experience.

(1) Can the Minister confirm as the Minister responsible for reducing the Medium Term Development Plan (III); a plan so riddled with errors that even the *Post Courier* editorial asked that it be withdrawn, and that you endorsed the following analysis on *page 41, volume 2* in the Plan that you signed off on? With the implementation of the TFF policy, schools have had to accommodate the increasing number of students with the available resources, resulting in:

(a) increase in the number of students per class causing student/teacher ratio to increase;

**02/05**

With the implementation of the TFF policy, schools have had to accommodate increasing number of students, with the available resources, resulting in:

a) Increase in the number of students per class causing student/teacher ratio to increase, b), severe shortage of learning resources for students to use, c) inadequate existing leaning facilities to cater for these increases, and, d), most importantly, a decline in the quality of learning.

(2) Will the Minister admit as set out in the Medium Term Development Plan 3 that he considers PNC's Education Policy a failure?

(3) Can the Minister confirm that whilst he was Minister for National Planning and Monitoring in 2018, and had a critical role in sectoral planning that funding for education was slashed from K1185.5 million in the 2018 Budget down to only K600.6 million as revealed by table six in the recent Final Budget outcome?

A cut of a massive 49 per cent.

(4) Can the Minister confirm the figures in the Treasurer's most recent economic update statement last week that TFF funding for the first five months of 2019 was only K210 million, a cut of K49 million from what was planned?

A cut that is forcing so many of our schools to be closing early.

(5) Can the Minister indicate what action he is taking to address the critical issue of declining quality of learning in PNG given the education expenditure looks as if it is being slashed again this year under the ongoing PNC Policy despite our new Prime Minister saying no child will be left behind?

Thank you, Mr Acting Speaker.

**Mr RICHARD MARU** – Thank you, Mr Acting Speaker and I would like to thank the Member for Kavieng for these very comprehensive set of questions.

I would like him to give me the questions and I will give him a reply tomorrow. Thank you, Mr Acting Speaker.

#### **Eviction of 8 Mile Settlers -Moresby North-East**

**Mr JOHN KAUPA** – Thank you, Mr Acting Speaker. On behalf of the people of Moresby North-East where this Parliament is located and my family, I want to say thank you, to the Eight Prime Minister of Papua New Guinea, Honourable James Marape, and Member for Tari-Pori.

Mr Acting Speaker, Moresby Northeast is an electorate in the heart of the city where three-quarters of its population reside in settlements.

My question is directed to the Honourable Minister for Lands on an eviction notice received up at Eight Mile. That paper is called 'White Paper' and when the people at the settlement received that white paper, they were restless. It has become a big social problem. This eviction notice was from an Asian company called Wild Creek No. 63 Limited and the land title was obtained in 2014.

These are our people. They are from electorates represented by all of the 111 Members of Parliament.

03/05

They received the eviction notice after living at Eight Mile settlement for 30 to 40 years. The former Lands and Physical Planning Minister, the Governor and myself worked so hard to secure state lands where our people reside on. We have obtained about eight titles in the Moresby North-East area. We are soon to launch it. We wanted to do it as a pilot project and which eventually apply this concept in other centres of the province.

Mr Acting Speaker, the law states that a Papua New Guinean must have a ratio of 49/51 ownership of land in Papua New Guinea. But this foreign company has given an eviction to our people in the Eight Mile settlement. I am not displeased with this happenings so I am directing my questions to the Minister for Lands and Physical Planning to investigate.

(1) Can the Minister forfeit this title and give land titles to the people who have been living there for the last 30 to 40 years?

These people are Papua New Guineans and they have spent money and resources to put up structures over the years with no input from the Government.

(2) Can the Minister for Lands and Physical Planning look into this and see if this is a foreign-owned company and if all required details are in order? If not, then can our people be given the titles to these land areas?

(3) Can the Minister give our people assurance of what he can do or what he will do about this matter?

**Mr JOHN ROSSO** – I thank the Member for North-East for his questions. This is a very big issue in this country. This issue took place before my term as the Minister for Lands and Physical Planning in 2014.

I ask that you give me time so that I can go back to my Department and get a detailed reply to present to Parliament at a later date.

I would also like to ask that he give me a formal letter outlining the facts surrounding this matter so I can investigate accordingly.

**Sir MEKERE MORAUTA** – I wish to direct my question to the Prime Minister.

Mr Prime Minister, I have three fairly straight forward questions and there are on the operations of the Kumul Petroleum Holdings.

(1) Is the Prime Minister aware that your predecessor had an approved plan for a Kumul Petroleum head office to be constructed in Port Moresby costing K1.1 billion?

**Mr Peter O'Neill** – Point of Order! I wish to inform him that there was no such approval and the Cabinet in fact rejected that proposal.

**Mr ACTING SPEAKER** – Your point of order is in order!

**Sir MEKERE MORAUTA** – Thank you Mr Acting Speaker. I have two other questions, may I continue?

**Mr ACTING SPEAKER** – Go ahead!

### **Scrutinize Kumul Petroleum Financial Operations**

**Sir MEKERE MORAUTA** – If it was approved, it would seem a very extravagant use of public money when the nation is struggling to find money to spend on activities. There is a short-fall of K974 million and K2 billion according to the Treasurer. Why is this money sitting out there?

Mr Prime Minister, it has also been reported that gross profits for the company in 2017 was K1.4 billion but expenses, donations, debt payment, impairment and other costs ate up K1 billion of that profit leaving only K300 million to be paid to the State.

Mr Acting Speaker, the audited value of the company fell by K1 billion in 2017, incredible, when the company is earning from LNG in that year a total of K2.3 billion.

**04/05**

Now given the apparent mismanagement of the finances by Kumul Petroleum,

(2) Will the Prime Minister table in Parliament the reports of the company so there can be some public scrutiny on this very important company and its finances?

Thankyou Mr Acting Speaker

**Mr JAMES MARAPE** – Thank you, Mr Acting Speaker. Let me thank the Member for Moresby North-West for asking these important questions pertaining to Kumul Petroleum Holdings Limited.



Kumul Petroleum Holdings Limited is supposed to be our flagship company in as far as our State's harvest from our Oil and Gas Sector is concern. Let me also in the first instance pay my respect and commendations to the contribution the KPH has given to State thus far.

But having said this, our government is in the business of fully ascertaining Kumul Petroleum Holdings, Kumul Mining, for the benefit of this House, two weeks ago I had the opportunity to sit down with Kumul Mining Limited and look to what they doing.

Kumul Mining is a lesser cousin of the Kumul Petroleum in terms of the structure not fully setup or up to speed and running in as far as attracting revenue. But, Kumul Petroleum is the one attracting revenue from the PNG LNG project.

So we've been in discussion, the Treasurer and IPBC or State Enterprise Minister has been charged to bring to Cabinet the fullest report as to what has happened in Kumul Petroleum Holding Limited.

Retrospectively, you know this is a State Enterprise that operates at arm's length from the Treasury. As part of the shifting changes that we trying to do in state-owned enterprises. We are making amendment to ensure that there is a presence of Treasury in those state-owned enterprises including Kumul Petroleum Holding.

Going straight to the question by Member for Moresby North-West, the first question or the aborted question on the Kumul head office. If it is confirmed that there is a head office to be built, then I'll be the first one to say it must not be built at the expense of our country and especially in this point in time our country's life.

In fact, there are a possibility of cheaper methods of constructing buildings like this, but I can confirm that there is no such plan. If there was a seed being germinated, that plan has been aborted so to speak.

On the other issue of bringing Kumul Petroleum reports to Parliament for scrutiny, KPH is not a private company, the Prime Minister is a trustee shareholder on behalf of people of this country. Kumul is a public company. We will bring the fullest report of Kumul Petroleum Holdings out for scrutiny as to what has happened in the past.

I for one speaking as the Member for Tari Pori, I also greater interest as to what has happened to the revenue that Kumul Petroleum Holdings has secured since 2014 since the first shipment of the PNG LNG gas.

So, Kumul Petroleum Holdings has been put on notice. They are tidying their books and they'll be presenting to us their total assets, total liabilities and total revenue that they have secured in the last three or four years, in respect to where we are today. So that can assist us

to plan not only for the future but planning for our own budget as well as the country going forward.

So this Parliament will have the benefit of the fullest report on Kumul and that will come in the form of the annual work plan and the review that we will do for 2019 as going forward in 2020.

That presentation to Cabinet will be pass on to be dissected by Parliament on the exact status of Kumul Petroleum. As for the liabilities and the balance sheets today, that should also answers some of the questions that our good Member and our senior statesman has alluded to.

Thank you, Mr Acting Speaker.

**05/05**

### **Funding for Gazelle District roads**

**Mr JELTA WONG** – Thank you, Acting Speaker. Thank you for recognising the people of Gazelle.

On behalf of the people of Gazelle, we would like to congratulate the Eighth Prime Minister of this country, the Honourable James Marape.

My question is directed to the Transport Minister. Most of us come from rural areas, our rural roads are not in great condition. It seems that in last year's budget, an allocation of K100million was earmarked for rural roads. Gazelle District was part of the list of districts to receive funding from that allocation. But, when I checked with the Districts Finance Manager, I discovered that we never received any of these funding to date.

Can the Minister for Transport and Infrastructure investigate and explain where the funds are as our rural roads are now in dire straits?

Thank you, Acting Speaker.

**MR WILLIAM SAMB** – Thank you, Acting Speaker. I thank the Honourable Member for Gazelle for asking his question.

Mr Acting Speaker, in the 2019 Budget, there is a K100 million allocated for District Roads. From my Ministerial report, it states that from that K100 million, K40 million has been spent.

Firstly, a warrant of K19 million was transferred to the Department of Transport, withdrawn back and K40 million transferred to Works Department to be spent. Our intension is to ensure that the K100 million is spent in districts.

Under my leadership, K100 million will start with in the districts of members from Opposition to members in the Government. At least a funding of K1million to be allocated to each rural districts to assist in the rehabilitation of their roads.

The Department of Transport will be working in partnership with rural districts and with due respect to urban districts, please do not stress me out for this money. The K100 million will be used for all rural districts.

We are in dire need of funds. I want to appeal to all Honourable Members to at least allocate K1million from their DSIP to purchase their road construction equipment's. Some districts are equipped with machinery, the funds allocated can be used to maintain fleet and to continue .

As for Honourable Minister for Works, the Secretary and personnel for Works Department, when we ask for assistance in this project, do not ask us for funds to hire vehicles or r allowances. You are already being paid by the Government and we are here to deliver and maintain our roads for all rural districts.

To the Member for Gazelle, in reference to your question, your Districts was granted K3 million as per my report listing and I'm not sure why this happened. I will investigate and inform you when I receive further briefing on this.

**Mr Jelta Wong** – Point Of Order! Mr Acting Speaker, there is a reason why my District received K3 million. We have a lot of rural roads and they are not up to standard.

Thank you, Mr Acting Speaker.

**MR WILLIAM SAMB** – Mr Acting Speaker, regarding roads, there is no reason why one district should get more than other districts. We will review this and make sure of that all districts are receive K1million.

**Mr Jelta Wong** – Point Of Order! Mr Acting Speaker, I would like to know where the funds are as stated in the listing. I would also like to know why the funds earmarked for my district has not been received.

06/05

**Mr ACTING SPEAKER** – Your point of order is in order, Minister.

**Mr WILLIAM SAMB** – To answer your question, I will find out first and get back to the Member.

### **Supplementary Questions**

#### **Funding for Rural Roads - Sohe**

**Mr HENRY AMULI** – Mr Acting Speaker, also on the same funding referring to my rural roads.

Mr Acting Speaker, some of the roads in Sohe are impassable and closed for more than 20 to 30 years ago, currently I am working on a road that has been closed for 34 years and that road leads to Goilala, but it stopped half way. Most of the Goilala people closer follow that road to come and do their shopping in Oro. It spans about 20 kilometres but has a long way to go.

Mr Acting Speaker, I received K1 million kina which was deposited on the 20<sup>th</sup> June. That K1 million kina was withdrawn the next day, so please Transport and Works, assist us return that cheque back, it was not dishonoured but was returned. I was with my Treasurer yesterday to get the record, I have the record with me on a million kina deposited to Sohe and withdrawn next day, so please would you be kind enough to return it to us.

We need that money to maintain our road, we got machines, but we need funding.

**Mr WILLIAM SAMB** – Thank you Mr Acting Speaker, and I would like to thank the Member for Sohe, money is parked with Transport Department.

If transport can handle this money it would be okay but because Works department spent the money I have to trace the paper work and find out where it is. I have a list here for districts who had received the funding and we will follow up and advise respective Members accordingly.

**Mr Michael Nali** – Point of Order! Some of the Districts, the Department of Works wrote the cheques, there is an understanding with Department of Works, Transport and Planning on the way forward to disburse that K100 million PTB funding. There is some

confusions because the Department of Transport is in charge of policy but the Department of Works is responsible for implementation

But when planning the Budget, the money was parked at the National Planning, so three Department Heads to discuss and agreed on how will the money will be disbursed with an NEC decision upon that as well, but it really doesn't matter who disburses the funds to our Districts. The problem is that when the cheques were written out, warrants has were released up to K40 million, all those cheques have gone back to Department of Finance for clearance. As for Gazelle electorate had big disaster, flood carrying bridges and most of the road are spoiled. That's why K3 million kina was allocated for Gazelle because of the disaster and some other Districts received K1 million and K2 million.

We try to fair to everyone, the problem is that. When the cheques were driven out! Some of cheques were deposit after clearance from Finance Department, unfortunately some districts had deposit the cheques early, because due to cash flow situation, some of the cheques had been dishonoured.

**07/05**

Also due to cash-flow situation, some of these cheques have bounced back. These are not the private funds that anybody can just use it up.

If one of your cheque has bounced, just return it so that a new cheque can issued. Let us not make an issue out of this. It's just straight forward. I am just clarifying this situation. Thank you.

#### **Madang Provincial Health Authority Status Update**

**Mr JONNY ALONK** – Thank you, Mr Acting Speaker. I direct my question to the Minister for Health and HIV/AIDS.

Recently, I have seen and heard that the Minister has travelled to most parts of the country to discuss on health concerns with the CEO's and the Provincial Health Authorities starting with the Momase Region and also to other regions as well. I am simply raising this matter because when the Provincial Health Authorities are in order, the rural district hospitals and health centres will function well.

The Minister has visited most of the areas in the Momase Region but for Madang, he has not made a visit as yet.

(1) Does the Minister have any plans to visit Madang Province to discuss health concerns regarding the province?

(2) If so, when exactly will he visit?

I will really appreciate if serious consideration is given to these areas.

**Mr ELIAS KAPAVORE** – Thank you, Mr Acting Speaker. I thank the Member for Middle-Ramu for his question.

Firstly, on behalf of the people of Pomio District, I would like to take this time to acknowledge the election of the Prime Minister, Honourable James Marape as the Eighth Prime Minister of our country in this Tenth Parliament and also the appointment of the Deputy Prime Minister as well.

The Member for Middle Ramu's question is in relation to the implementation or the declaration of the Provincial Health Authority, in Madang Province. The Provincial Health Authority (PHA) is as an *Act* of Parliament in 2007. And in 2009, three provinces implemented this particular *Act*.

It took about 12 years and I visited Morobe on 20 June 2019, to declare Morobe PHA. I also acknowledge the leadership by the former Minister for Health and HIV/AIDS who mentioned in the last Parliament that by the end of June 2019, we were supposed to make sure that all the provinces in the country should be under the PHA declaration.

To date, Madang Province is one of the provinces that is not listed in the PHA arrangement as yet. I would like to congratulate the 15 provinces who have implemented their provinces under the Health Authority. The Provincial Health Authority will replace the *Public Hospital Act 1994*, which will have all the Management and the Board under one arrangement. It will also replace some parts of the *National Health Admission Act of 1997*, these two Acts will be replaced by the PHA, and all other boards and management will come under one arrangement.

When we have this in place, Acting Speaker, we will have the coordination and proper implementation of the health services in the respective provinces. I also want to commend the Governors who actually took the lead in making sure that we implement in the 15 provinces.

At the moment Madang Province is still outstanding .We will travel to Gulf Province this coming Friday to declare Gulf Province under the PHA arrangement.

08/05

We still have the NCD, we still have Central Province, and we still have fewer provinces outstanding, including Madang Province, actually six provinces still outstanding. We need to make sure to implement PHE arrangement by the end of this month. There is no time for delay and I want all the Governors to liaise with my office to make sure we have to implement the PHA arrangement quickly. There are many partners to support us who are coming from many of our development partners were willing to support us and if can arrange the PHE arrangement quickly then you can see a lot of benefits coming through.

We have in the past seen many provinces who have performed poorly with regard to clinical or maternal health indicators, but from the response given to us, some of the reports given to us by the Department of Health this year, we have seen many improvements in many of the provinces.

For example; Eastern Highlands Province, Milne Bay Province, West Sepik Province who usually in the past who are among the top, below, top bottom five Provinces which regard to the health indicators, this year they improved up to the top five so I head of the Governors again to liaise with my office, we need to implement the outstanding PHAs as soon as possible in the within this month. Thank you Mr Deputy Speaker.

### **Inadequate Funding for Local Level Government Elections**

**Mr ALLAN BIRD** – Thank you Mr Acting Speaker, due to the importance of this question I would like to direct it to the Prime Minister and I would like the Minister for the Inter-Government Relation take note please.

This is in relation of the failure of the previous PNC Government to successfully conduct the Local Level Government Elections in 2017 which is now kind of spill over in 2019.

Mr Acting Speaker I was briefed on Friday by my Provincial Administration that there is not enough money to conduct the election and had been told that the election in my province will be conducted without the supervision of police. I assume that, it will be the case for all other Provinces.

Mr Acting Speaker, my concern is that, we have a lot of issues with the 2017 National Election. There is every reason to believe that Local Level Government Election will have the same security issues and my province has been asked to fund the shortfall. We have only

budgeted K1 million to support the elections because that is all East Sepik can afford, now I am concerned that if elections continue as it is without sufficient funding, we will see failed elections at the Local Level Government Level.

Now that might not be so important for the National Government but it has serious implications for provinces. My questions to the Prime Minister are as follows:

(1) If we have not sufficiently funded the Local Level Government Election, why are we pushing through with it? That is the first question and the second question,

(2) What are our preparation if any; should the elections at Local Level Government fail?

(3) Has the National Government and its Agencies including the Electoral Commission given any consideration to the impact that a failed Local Level Government Election will have on the functioning of provinces?

Mr Acting Speaker, if I may elaborate in Provincial Governments, we have Provincial Executive Council which is made up of Local Level Government Members, if the elections fail, then by the operation of that failure, we cannot have PECs and if you extend that further, we cannot have Provincial Assembly, it handicaps us totally. My fourth question to the Prime Minister is that,

(4) Would you be willing to consider deferring the election until it can be properly financed? Simply because this is a continual failure that was happening for two years, why are we rushing it now if we cannot fund it? Finally,

(5) Can you confirm, what is the actual level of funding given to the Electoral Commission to conduct these elections? Thank you Mr Speaker.

**Mr JAMES MARAPE** – Thank Mr Acting Speaker, let me thank the Governor for East Sepik for asking these important questions, fundamentally our Local Level Governments are the anchor bases in which we operate as a country

**09/05**

Fundamentally our local level governments are the anchor bases in which we operate as a country. We give that recognition. Let me inform this House that we will not differ from our intention to have the elections held and conducted. We are late by two and a half years, so it is better late than never. We are trying to reconcile in law on how best we could have the elections due to fact that we are late by two and half years.



Our proposal to our Government Caucus is that we start the life of local level governments from now and it will terminate from when this election is conducted. Hopefully that can be the way in which the election is conducted at the LLG – two and half years from the National General Elections. These are concepts that we are discussing about. We are seeking a bi-partisan approach into these discussions to determine the LLG elections time frame that will be held in respect to us starting elections mid-way through this term of Parliament.

As allowed by law, the elections would have run-concurrently with the General Elections but for reasons that we all know, we have delayed it up to this point in time. We can't delay anymore and we need to have these elections to be conducted. About K33 million has been allocated thus far, of the budgeted K100 million. We will give our best endeavours to ensure that additional funding is given to support this important elections. As I have said, it is an important structure of our constitutional democracy. They are at our lowest level, but they support the Government through the provincial level so we need to step up and give support.

We will adjourn Parliament this Friday so that every one of us must be in our electorate and LLG to give support to this. In respect to the security issues, let me rally the support of everyone, including leaders in the House here. I know that most of you will not have the luxury of extra money to spend in this election. It is the responsibility of the National Government to ensure that the election process is supported fully and we will give our best endeavour.

Mr Acting Speaker, I ask every one of us to be on the ground, not only in cash but in kind, citizens included. The safety of an election process foremost depends on every citizens nationwide, including elected leaders. I ask each of us to take responsibility in as far as allowing for the process of the election to be conducted. Most areas of the country already have friendly people. I think Provincial Governments are encouraged through their DDA's to partner the Electoral Commission in ensuring that a safe and peaceful conduct of elections is taking place right across our country.

We all know the financial situation we are facing. It is tough out there. We will do our best but that is not to say, even that K100 million budgeted for this is still not adequate to fully satisfy all police operations, per se to ensure that we give the best results that anyone dreams of for an election outcome. The onus is on us as leaders and in our capacity as MPs from our respective districts to contribute if not in cash, let us provide the leadership in the

respective wards, LLGs and districts in our provinces. This is so that some sense of peace and calm can prevail as our citizens go out to vote for their LLG leaders and that is the least we can do.

Many of us always ask for money but money has its place to support and facilitate greater activities. At least leaders and citizens of this country can contribute to the cause in ensuring that we deliver the election in the most peaceful and smoothest way possible. So I ask everyone to allow those of us who are supposed to allocate money to find it and allocate it.

**10/05**

For the rest of you who don't have money, I ask your support to the election process of the councillors and the presidents in ensuring that you provide leadership in the electorates and provinces that you preside over.

### **Responsibility of Citizens in LLG Elections**

Our citizens too must bear responsibility. What is the use of killing ourselves over a councillor's seat? What is the use of killing ourselves over a council president's seat? Our citizens, in the first instance are asked to create a peaceful environment. For goodness sake we know that council elections deal with people who are not more than a thousand in most instances. So, you know who you are.

I think the Electoral Commission wants to conduct it in a truest and fastest way of delivering results. The intention is to vote at the same place, count at the same place and make declarations at the same place.

Some places like where I come from it is a combination and combustion for creating tribal disorder but we will take the responsibility. We will try to be in the space of the councillor. If it does happen, we've lived with these statistics and scenario for so long and we will deal with it.

But for the rest of you who have order and norm in many areas I ask for your leadership in the House. Take recess from work at the national level, be back in the electorate and the provinces when the elections are taking place, take a keen interest in sight and let us all place our leadership mandates in our respective electorates and provinces. And allow and ask for

the elections to be conducted in the most peaceful and safe fashion. I'm sure our people can deliver this result.

If 2012 election statistics is an indicator, only 10 per cent of LLG elections were failed in this country so sounding a warning is good but being prophets of doom is no good. Let's sound a warning but I ask each one of us to go back to our provinces or electorates, be on the ground and assist the Electoral Commission, police and officials to deliver a good election.

At the national level we'll try to offer greater support on top of the K33 million already given but I beg every one of us to work together to deliver a good LLG election.

Thank you.

### **Amendments to Resource Laws**

**Mr JAMES DONALD** – Thank you, Mr Acting Speaker. My question is directed to the Minister for Petroleum and Energy. I know that he is quite on the other side so I wish to ask him.

My question is like this, we talk of taking back the country or take back PNG and I know that we need to do a lot of things first. One of them is legislative amendments. This means that our resource laws must be considered immediately.

Minister I think that we must amend some of our laws on petroleum and energy. Some of the sections must be changed. I don't know if your department has that notion or not because if you see some sections of the law it states that only two per cent of the equity is to be shared between landowners, provincial governments and LLGs. This is not a fair division within the law.

Can we change this? This is not only to do with petroleum, we must make a lot of changes and one case that I want to bring to the attention of the Minister is this because we must adhere to the catch-cry of this government, Take Back PNG.

The most important thing is that we must change this law that was drafted by colonial powers. They've been killing us.

If I can ask the Minister, if we are going to change it, when are we going to change it? Within a few weeks' time, within a few days' time or are we not going to change it until the next crisis happens.

Thank you, Mr Acting Speaker.

**11/05**

**Mr KERENGA KUA** – I thank the Member for North Fly for his questions.

My simple answer is that we will seriously reform the current legislations that we have in petroleum. We know that petroleum and mining have important roles to play in the vision of this new Government about ‘Taking back PNG’.

Work has already begun and we have started with the Papua LNG to look into issues surrounding the initial agreement that was signed. We are not investigating to revoke the agreement but rather look into satisfying the requirements of our laws and act there and then. A contract signed is binding for all of us, unless one can demonstrate fraud or likewise.

Mr Acting Speaker, one of the elements of fraud is non-compliance with statutory requirements. The courts have stated that if one party does not comply with the compulsory statutory requirements then that is one type of fraud. I am only giving an example and not saying that we have already found fraud. We need to tick this box in order to satisfy this new Government and its vision of “Taking back PNG” and most importantly the people of Papua New Guinea that the agreement is in order and that it can proceed towards implementation. If it doesn’t then all consequences should follow suite. The Government is already in the process to look into this inquiry.

Mr Acting Speaker, we are also looking into the current state of law. There are many concerns right through Papua New Guinea including the current legislative frame work that we have. It does not allow us to maximise returns back to Papua New Guinea. If we are to develop this country then we definitely need money. We must look at all roads available including petroleum, mining, forestry, fisheries and even police with collecting spot fines. For example; instead of going to court over lengthy periods, we can always use access cards to collect spot fines. All our departments must look into all possible options to increase and raise revenue for our country. We do have a money problem so we need to do something about it.

Mr Acting Speaker, I would like to use this opportunity to appeal to all ministers to use this two and half years that we have left to look into areas where we can use to raise revenue for our country. Let us get our secretaries and our departments to really consider where and how we can raise revenue for our country.

At my end, we will not do it in an arbitrary way because there are billions of bucks involved in the Petroleum Industry. We are going to be very careful and include some of the best technical advisors around the world. They are going to advise us on what kinds of

models that are available to enable landowners, provincial governments and host nations in maximising profits back to us and our people.

We also recognise that our *Constitution* when written by our forefathers stated that we must use our natural resources wisely. We must use it to promote the sovereignty of this new nation. We must use it to foster and grow self-reliance. These things are in the *Constitution*. It is a question of how we are going to benefit from our resources according to our laws. We have to become more self-reliant and in doing that we enhance our sovereignty and earn the trust and respect of other nations.

Mr Acting Speaker, I would like to assure the Member that this is one of the key agendas in my department. I know the Prime Minister will agree because he is encouraging us to look into these areas and in due course we are going to table some papers through the Cabinet. It will eventually be before the Parliament so I put you all on notice that it will happen and we will definitely need the support of this Parliament.

**12/05**

So we push it through and turn it to law and from there we hopefully increase the revenue bringing back to our country from our petroleum resources. This my short answers at these stage. Mr Acting Speaker.

### **Supplementary Question**

#### **Declaration of Business Interests of Members**

**Mr PETER YAMA** – Thank you Mr Acting Speaker, my question it goes to the Minister, what he said is straight forward and am comfortable with what Prime Minister said take back Papua New Guinea and also the question from the Member for North Fly question is on point.

My question is that we all Members of Parliament who are here, many of us are businessmen, and many of us have interest in mining and petroleum companies, we were with them before becoming Members of Parliament.

So question is that we will not use Parliament to score points here, the point is that if you have this kind idea I think all Members of Parliament must declare their interest with these companies, because many of us who are inside this Parliament have interest with the Mining companies.

**Mr Allan Bird** – Point of Order! Mr Acting Speaker, the good Member should not generalise and say all of us have interest with the companies and if he got specific things then he should not lump all of us for nothing.

**Mr ACTING SPEAKER** – Your point of order is in order.

**Mr PETER YAMA** – Mr Acting Speaker I said only some not all of them only some of us have interest, in the best interest of this country and House of Parliament we must declare our interest with Ombudsman Commission and declare our interest in Parliament because we will not use Parliament to pass the law and make all sorts of legislation here when we have interests with the companies. Thankyou Mr Acting Speaker that is my point if you feel the pinch sit down and listen.

**Mr ACTING SPEAKER** – Honourable Governor this is not a question, it is a general statement you made.

#### **MOTION BY LEAVE**

**Mr RENBO PAITA** (Finschaffen – Minister for Communication and Energy) – I ask leave of the Parliament to move a motion without notice.

Leave granted.

#### **SUSPENSION OF STANDING ORDERS – APPOINTMENT OF MEMBERS TO PARLIAMENTARY COMMITTEES**

Motion (by **Mr Rnbo Paita**) agreed to –

That so much of the *Standing Orders* be suspended as would prevent me from moving a series of motions relating to the appointment of Members to the Permanent Parliamentary Committees.

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

Motion (by **Mr Rainbo Paita**) agreed to –

That in accordance with *Standing Order 24(b)*, Mr William Tongamp, Mr Peter Yama, Mr Robert Naguri and Mr Garry Juffa be appointed members of Permanent Parliamentary Committee on Appointments.

**PERMANENT PARLIAMENT COMMITTEE ON BROADCASTING OF  
PARLIAMENTARY PROCEEDINGS – APPOINTMENT OF MEMBER**

Motion (by **Mr Rainbo Paita**) agreed to –

That, in accordance with *Parliamentary Powers and Privileges Act (Chapter 24)*, Mr Francis Maneke be appointed member of the Permanent Parliamentary Committee on Broadcasting of Parliamentary Proceedings.

**PERMANENT PARLIAMENTARY COMMITTEE ON CONSTITUTIONAL LAWS  
AND ACTS AND SUBORDINATE LEGISLATIONS – APPOINTMENT OF  
CHAIRMAN, DEPUTY CHAIRMAN AND MEMBERS**

Motion (by **Mr Renbo Paita**) agreed to –

That, in accordance with *Standing Order 24(c)*, Dr Allan Marat, Mr Peter Sapia, Mr Philip Undialu, Mr William Powi and Mr Thomas Pelika be appointed Chairman, Deputy Chairman and members of the Permanent Parliamentary Committee on Constitutional Laws and Acts and Subordinate Legislations respectively.

**PERMANENT PARLIAMENTARY COMMITTEE ON CULTURE AND  
TOURISM – APPOINTMENT OF MEMBERS**

Motion (by **Mr Rainbo Paita**) agreed to –

That in accordance with *Section 118(1)(b)* of the *Constitution*, Mr Allan Bird, Mr Robert Agarobe, Mr Charlie Benjamin, and Mr Peter Numu be appointed members of the Permanent Parliamentary Committee on Culture and Tourism.

**PERMANENT PARLIAMENTARY COMMITTEE ON ECONOMIC AFFAIRS –  
APPOINTMENT OF MEMBERS**

Motion (by **Mr Rainbo Paita**) agreed to –

That in accordance with *Standing Order 4(d)*, Mr Peter Isoaimo, Mr James Donald, Dr Allan Marat and Mr Richard Mendani be appointed members of Permanent Parliamentary Committee on Economic Affairs.

**PERMANENT PARLIAMENTARY COMMITTEE ON EMERGENCY –  
APPOINTMENT OF MEMBERS**

Motion (by **Mr Rainbo Paita**) agreed to –

That: (a) in accordance with the *Emergency Committee Act*, Mr Robert Naguri be discharged as Deputy Chairman of the Permanent Parliamentary Committee on Emergency; and

(b) Mr Robert Naguri, Mr Nakikus Konga and Mr Charlie Benjamin be appointed as Chairman and Members of the Committee respectively.

**PERMANENT PARLIAMENTARY COMMITTEE ON FOREIGN AFFAIRS  
AND DEFENCE – APPOINTMENT OF MEMBERS**

Motion (by **Mr Rainbo Paita**) agreed to –

That in accordance with *Standing Order 24(e)*, Sir Peter Ipatas and Mr Tony Wouwou be appointed Members of the Permanent Parliamentary Committee on Foreign Affairs and Defence.



**PERMANENT PARLIAMENTARY COMMITTEE ON LAW AND ORDER –  
APPOINTMENT OF MEMBERS**

Motion (by **Mr Rainbo Paita**) agreed to –

That in accordance with *Standing Order 24(f)*, Mr Walter Schanaubelt, Mr Belden Namah, Mr Peter Sapia be appointed members of the Permanent Parliamentary Committee on Law and Order.

**PERMANENT PARLIAMENTARY COMMITTEE ON LEGISLATION –  
APPOINTMENT OF MEMBERS**

Motion (by **Mr Rainbo Paita**) agreed to –

That in accordance with *Standing Order 24(a)*, Dr Allan Marat, Mr Peter Yama and Mr Toboi Yoto be appointed members of the Permanent Parliamentary Committee on Legislation.

**PERMANENT PARLIAMENTARY COMMITTEE ON NATIONAL  
PARLIAMENT – APPOINTMENT OF MEMBERS**

Motion (by **Mr Rainbo Paita**) agreed to –

That in accordance with *Standing Order 21*, Mr Tony Wouwou be appointed member of the Permanent Parliamentary Committee on National Parliament.

**PERMANENT PARLIAMENTARY COMMITTEE ON PENSIONS AND  
RETIREMENT BENEFITS – APPOINTMENT OF CHAIRMAN, DEPUTY  
CHAIRMAN AND MEMBERS**

Motion (by **Mr Rainbo Paita**) agreed to –

That in accordance with *Parliamentary Retirement Benefits Act 1997*, Mr Chris Haiveta, Mr Timothy Masiu, Mr James Donald and Mr Powes Pakop be appointed Chairman, Deputy Chairman and Members of the Permanent Parliamentary Committee on Pensions and Retirement Benefits respectively.

**PERMANENT PARLIAMENTARY COMMITTEE ON PLANS AND ESTIMATES –  
APPOINTMENT OF CHAIRMAN, DEPUTY CHAIRMAN AND MEMBERS**

Motion (by **Mr Rainbo Paita**) agreed to –

That in accordance with *Section 209(3)* of the *Constitution*, Mr Robert Agarobe, Mr Ginson Saonu, Mr Salio Waipo, Mr James Donald and Peter Ipatas be appointed Chairman, Deputy Chairman and members of the Permanent Parliamentary Committee on Plans and Estimates.

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**PERMANENT PARLIAMENTARY COMMITTEE ON PLANS AND ESTIMATES –  
APPOINTMENT OF CHAIRMAN, DEPUTY CHAIRMAN AND MEMBERS**

Motion by (**Mr Renbo Paita**) agreed to –

(a) That, a Permanent Parliamentary Committee on Plans and Estimates be established for the purpose of consulting with the National Executive Council before any budget or appropriation is prepared for submission to the Parliament, in accordance with Section 209(3) of the Constitution;

(b) That, Mr Robert Agarobe (Chairman), Mr Ginson Saonu (Deputy Chairman), Mr Salio Waipo, Mr James Donald and Mr Peter Ipatas, be appointed Chairman, Deputy Chairman and members of the Committee.

**PERMANENT PARLIAMENTARY COMMITTEE ON PRIVATE BUSINESS —  
APPOINTMENT OF MEMBERS**

Motion by (**Mr Renbo Paita**) agreed to –

That, in accordance with Standing Order 22, Mr William Powi be appointed Member of the Permanent Parliamentary Committee on Private Business.

**PERMANENT PARLIAMENTARY COMMITTEE ON PRIVILEGES -  
APPOINTMENT OF DEPUTY CHAIRMAN AND MEMBER**

Motion by (**Mr Renbo Paita**) agreed to –

That, in accordance with Standing Order 20, Mr Philip Undialu (Deputy Chairman), and Mr William Powi be appointed Deputy Chairman and member of the Permanent Parliamentary Committee on Privileges.

**PERMANENT PARLIAMENTARY COMMITTEE ON PUBLIC ACCOUNTS -  
DISCHARGE OF DEPUTY CHAIRMAN AND APPOINTMENT OF CHAIRMAN,  
DEPUTY CHAIRMAN AND MEMBERS**

Motion by **(Mr Renbo Paita)** agreed to –

(a) That Mr Chris Haiveta be discharged as Deputy Chairman of the Public Accounts Committee; and (b) That, in accordance with the Public Finances (Management) Act 1995, Sir John Pundari (Chairman), Mr Garry Juffa (Deputy Chairman), Mr Philip Undiali, Mr Charlie Benjamin, Mr James Donald, Dr William Tongamp, Mr Joe Lera, Mr Taboi Yoto, and Mr Salio Waipo be appointed Chairman and members of the Permanent Parliamentary Committee on Public Accounts.

**PERMANENT PARLIAMENTARY COMMITTEE ON PUBLIC WORKS -  
APPOINTMENT OF DEPUTY CHAIRMAN AND MEMBERS**

Motion by **(Mr Renbo Paita)** agreed to –

That, in accordance with the Public Works Act, Mr Peter Sapia (Deputy Chairman), Mr William Nakin, Mr Moriape Kavori, Mr Thomas Pelika, Mr Peter Numu, Mr James Donald, Mr Peter Isoaimo, Mr Joe Lera, Mr Ginson Saonu, Mr Francis Maneke and Mr Michael Dua be appointed Deputy Chairman and members of the Permanent Parliamentary Committee on Public Works.

**PERMANENT PARLIAMENTARY COMMITTEE ON STANDING ORDERS –  
APPOINTMENT OF MEMBERS**

Motion by **(Mr Renbo Paita)** agreed to –

That, in accordance with Standing Order 19, Dr Allan Marat, Mr Richard Masere, Mr Chris Haiveta and Mr Thomas Pelika be appointed members of the Permanent Parliamentary Committee on Standing Orders.

**PAPUA NEW GUINEA TOURISM PROMOTION AUTHORITY –  
2017 ANNUAL REPORT – PAPER AND STATEMENT – MOTION TO TAKE  
NOTE OF PAPER**

Mr **EMIL TAMUR** (Kokopo - Minister for Culture and Tourism) – Pursuant to *National Culture and Tourism Act* I present the following paper.

*PNG Tourism Promotion Authority – 2017 Annual Report*

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

Leave granted.

Mr Acting Speaker, thank you for the opportunity to address Parliament on the Annual Financial Reports of the Papua New Guinea Tourism Promotion Authority (TPA), which is the lead agency under my Ministry of Tourism Arts and Culture. Two (2) other agencies that come under my Ministry are the National Museum and Arts Gallery (NMAG) and the National Cultural Commission (NCC).

Mr Acting Speaker, before I go into the TPA Annual Financial Reports, I wish to thank the previous O'Neill-Abel Government for appointing me as the Minister for Tourism Arts and Culture, and I further wish to extend that appreciation to Honourable Prime Minister James Marape, for honouring the people of Kokopo in reappointing me to the same Ministry.

Mr Acting Speaker, in granting or according us this honour, the Prime Minister has also given us a big task. He's asked us to take back Papua New Guinea. Nowhere is this direction more relevant and more real than in Tourism, Arts and Culture because it is arts and culture that makes Papua New Guinea its worth.

Mr Acting Speaker, to take back Papua New Guinea means to take back and grow and promote our diverse cultures and our unique languages, and that when we take Papua New Guinea back and ground it and root it in its culture. It is from there, Mr Acting Speaker, we will begin developing our country.

**15/05**

Mr Acting Speaker, modernisation and our ancient cultures must not be seen as operating in opposition, but they can co-exist side by side. We only need to look at Japan, China, Korea and other countries in the Asia and the Indian sub-continent to know the truth of this statement. And only when genuine Papua New Guinea culture is on display, can a tourism market be viable and sustainable into the future.

Mr Acting Speaker, as a growing economy in the region, coupled with the realities and challenges of the non-renewable resources sector and the effects of climatic change, we need a change of focus and tourism is that focus for us now as it remains the most sustainable economic activity or industry in the world today.

Mr Speaker, the time to talk about tourism as a potential economic driver is over and we must now walk the talk by delivering a fully-fledged and thriving tourism sector for our people in the next five years or so. Because only through tourism, can our local people in remote atolls and villages receive direct cash income to sustain their livelihoods.

Mr Acting Speaker, the Marape-Davis Government is committed to tourism development as a buffer industry for future generations by increased annual budgetary support to PNG TPA to cushion off the effects once our extractive resources have been depleted.

Mr Acting Speaker, as a newly-appointed State Minister, I have been given the confidence and assurance by the level of professionalism and diligence in the management and operations of the PNG Tourism Promotion Authority.

Mr Acting Speaker, the 2017 Audited Annual Financial Report is testament of the professionalism at PNGTPA. As Minister responsible for Tourism Arts and Culture, I could not be prouder, particularly during my first term in Parliament and my first year as Minister.

Mr Acting Speaker, it is therefore proper that I wish to commend the Board and the Management of the Tourism Promotion Authority in delivering timely financial reports to Parliament.

The PNG Tourism Promotion Authority continues to set a precedence as a State agency and department that abides by the requirements of the *Public Finance Management Act* in delivering timely annual audited report to Parliament.

Mr Acting Speaker, I wish to also inform Parliament that the Office of the Auditor General is currently auditing the 2018 financial statements of the PNG Tourism Promotion Authority and I hope to table that report to Parliament later in the year.

Mr Acting Speaker, in 2017 and continuing on to today, the PNGTPA with the endorsement of my Ministry has increased its level of engagement with the provinces and districts through signed MOUs for partnership in developing tourism in the provinces and districts through shared resources.

Under these MOU arrangements, we are also seeing community-owned businesses coming on board to venture into tourism as a valued added option to their existing businesses and investment portfolios.

Mr Acting Speaker, our key priorities for 2017 and moving forward had been developing and delivering new and existing tourism products that were not only market-ready but meeting international traveller demands and standards.

Much of these projects went into full implementation mode in 2018 and will hopefully be market-ready in 2020 onwards.

Mr Acting Speaker, PNG TPA through the support of the National Government had extended its partnership for the first time to include international agencies and financiers such as the World Board.

Under the Government's Tourism Hub Concept, we have secured US\$20 million or PNG K60 million to roll out the program in Milne Bay and East New Britain. This was the first time the tourism sector had received such a huge external funding. The projects identified under the Tourism Hub Concept for both Milne Bay and East New Britain have been fully rolled out in 2018 onwards.

**16/05**

In 2017, the Tourism Promotion Authority was also involved in some exciting programs such as the Kokoda 75th Anniversary Commemoration with other stakeholders and State agencies such as the Kokoda Track Authority, Conservation and Environment Protection Authority and Kokoda Initiative. Kokoda remains the iconic attraction for PNG by attracting an average of 3,000 tourists annually mainly from our primary source market in Australia. As part of the Kokoda 75th Anniversary Commemoration, I as the Minister responsible launched the first movie documentary, 'Last Man Standing — The Last Fuzzy Wuzzy Angel', which was popular and very successful even among our local audience.

Mr Acting Speaker, International Visitor Arrivals to our beautiful country are a true measure of the investment by the National Government into the work of the TPA and the tourism sector in general. In 2017, PNG received a total of 181,840 international visitors.

Unfortunately, this was a decrease of 15 percent from 2016 due to the fact that 2017 was our year of the National General Elections and many people were worried about visiting our country in fear of violence due to unfounded and negative reporting both in the mainstream and social media platforms both in PNG and overseas.

Mr Acting Speaker, despite that, we continued to see large growth in the cruise tourism sector as more and more people visited our remote and isolated atolls and stunning islands by luring in 35 luxury cruise ships which brought 40,000 cruise tourists in 2017 alone. These numbers are expected to grow rapidly in the next few years as more and more internationally-recognised cruise companies include PNG in their cruise itineraries.

Mr Acting Speaker, since 2017, TPA has also increased funding for major cultural festivals around PNG. Our colourful and vibrant cultural festivals are a major tourism attraction but many festivals have suffered not only due to the fact that cultural festivals are expensive to run but also because of lack of funding support from provincial and national governments and also lack of support from the corporate sector through sponsorship arrangements.

Mr Acting Speaker, It is our hope that in future the National Government can provide direct funding for cultural festivals through the national budget based on a submission my Ministry will be making soon to Parliament.

Mr Acting Speaker, The time for giving lip service to an industry that has huge potential in PNG given our unique and diverse cultures, our beautiful islands, our majestic rolling mountains reaching up to the cool highlands, our diverse flora and fauna, and our abundant and colourful marine life, must stop now.

Mr Acting Speaker, As a responsible government, we must be serious about developing this important economic sector activity by pumping in the necessary resources, the necessary infrastructure network, introducing tax incentives for tourism investments, developing modern policy initiatives to drive the tourism sector, up-skilling the industry workforce and developing niche tourism products that meet international tourist demands and of course that of our own local tourists.

Mr Acting Speaker, Parliament will noted that government is definitely serious about tourism development as indicated in our budget allocation of K27 million this year.

Much of this K27 million went towards the development of niche tourism products to boost our presence and compatibility in the international tourism market.

Mr Acting Speaker, the TPA 2017 report contains detailed information of the major programs and activities of the TPA which Members of parliament can read and appreciate.

And the 2017 Annual report of the tourism Authority also reflects a diligently managed corporate entity.

Mr Acting Speaker, It is now my pleasure to commend the 2017 Annual Financial report of the Papua New Guinea Tourism Promotion Authority to Parliament.

**17/05**

Sitting suspended from 12.00 p.m. to 2 p.m.

**18/05**

**SUSPENSION OF STANDING ORDERS –  
RE-ARRANGEMENT OF BUSINESS**

Motion (by **Mr Renbo Paita**) – agreed to –

That so much of the Standing Orders be suspended as would prevent Order of the Day No. 131, government business being called on forthwith.

**DEPARTMENT OF TREASURY –  
PNG's FISCAL POSITION JANUARY TO MAY, 2019 –  
MINISTERIAL STATEMENT – MOTION TO TAKE NOTE OF PAPER**

Debate resume from 26 June 2019 (See page...)

**Mr IAN LING-STUCKEY** (Kavieng) – Thank you, Mr Acting Speaker. Her Majesty's Opposition is of the firm view that we must not only contribute to this debate but bring to the urgent attention of Members of this House both the failures and misdirection of Treasurer Basil's economic statement of 26 June 2019.

Mr Acting Speaker we live in a world of such extraordinary contrasts. On the one hand we have a new Prime Minister, the Honourable James Marape with his big vision for Papua New Guinea. He has this big vision of 'Take Back PNG' for making Papua New Guinea the 'Richest Black Christian Country'. He has a big vision to rid this country from the



scourge of corruption. He is the first PNG Prime Minister, the first to adopt social media to speak directly to his people on a more personal level.

On the other hand, as I will outline in this reply we have a new Treasurer with a small, 'isi tumas' and PNC captured vision. What a contrast? A new visionary leader versus a captured poorly thinking Treasurer who is not taking the urgent actions needed.

Mr Acting Speaker, in my 20 minutes I will summarise the fiscal update, I will evaluate the Treasurer's statement against the three KPIs or key performance indicators that the Opposition had announced last week. I will then show how this statement had been captured in PNG and why this statement is disappointing disaster for the new Prime Minister and the people of Papua New Guinea.

Mr Acting Speaker let me summarise the key facts from the Treasurers' statement. First he has admitted the fake revenue forecasts of the 2019 Budget. Specifically, total interest revenues are down by 19 per cent from the K13.3 billion included in the 2019 Budget. Over a year, this is K2.53 billion in fake revenue. This is even more than I feared. PNC's medium term revenue plan is failing.

Secondly he has confirmed, expenditures are out of control. Specifically, wage costs are shaping up to be nearly K1 billion higher than the K4.4 billion planned. So another billion kina overrun as we saw in 2018 when the Final Budget Outcome was K5.2 billion. Interest costs are out of control because debt is out of control. And with debt interests running K142.7 million above budget in just the first five months the total debt interest bill for 2019 will now move to nearly K2.3 billion.

Thirdly, because of the continuing incompetence in handling wage and interest costs we have this short-sighted policy of slashing development expenditure.

**19/05**

Specifically, Development Expenditure by May 2019 was expected to total K263 000 million or K2.06 billion but actual 2019 Development Expenditure has been only K728 million, a massive cut of 65 per cent. The new Treasurer is now introducing and presiding over fake projects.

Mr Acting Speaker, over a year this cut will be some K3.2 billion. DSIP is one of the casualties of this Budget mismanagement. We are half way through the year and should each have been paid K5 million already but instead, we have only received K1 million. Therefore the new Treasurer is now introducing and presiding over fake DSIP. My brother Members of

Parliament be careful! The Operational Expenditure is out of control and Development Expenditure is being slashed.

Fourth, there is a financing crisis of a net additional K600 million and misunderstandings of the previous debt strategy. The new Treasurer plans to go off grovelling, begging to private banks and international commercial lenders for more expensive, risky foreign loans. Three loans are now being considered and this seems totally contradictory to what the Prime Minister is wanting.

Mr Acting Speaker, Treasurer Basil got lost in the detail of his 26 pages of numbers. He failed to summarise the key points. Based on current trends, K2.5 billion in fake revenue, K1.3 billion in operational over-expenditure, K3.2 billion in Development Budget cuts and even then the budget deficit is up K600 million.

The clear message is that PNG's Fiscal crisis continues to get worse and worse. All the pretty 'Medium Term Plans' they have put out are failing.

Mr Acting Speaker, let me now compare this economic statement with what we should have expected against three key performance indicators. The first KPI was the economic update independent, incredible. The Prime Minister and the people of Papua New Guinea had every reason to be cautious about this statement because the ministers and the economic team that produced the update are the same people that created the problem in first place. The only claim to independence was about and I quote 'a forecasting exercise done independently by the Treasury'.

Whilst respecting the professionalism of the Treasury stuff, I know that the Treasury Department reports to you as the Treasury Minister. You decide what is actually released. We also know that the current Secretary of the Treasury was a political appointment by former Prime Minister O'Neill. We have had serious doubts about the numbers provided in recent years by the Treasurer, claiming that they have come out from an independent treasury as they consistently show things are better than the views of almost all other independent analysts.

Why was there no attempt to get some independent analysis of the real situation, covered by whistle blower assurances, the public servants are willing to speak up and tell the truth?

Mr Acting Speaker, the Treasurer's statement repeats the same pattern of misleading overly optimistic assumptions and deceitful stories. For example; when talking about PNG

living standards, he argues, GDP per capita had been growing by 2.7 per cent per year from 2012 to 2018. Well, that is a very interesting set of dates for the new Treasurer to use.

**20/05**

First why did he chose to start at 2012, he started by defending the time of O'Neill regime, very suspicious, lurking in the background more importantly why did he try to use misleading information on living standards in exactly the same way as the former Prime Minister?

Average PNG living standards have actually declined by 10 per cent over six years PNG average living standards have gone backwards by K500.00 per person under the O'Neill Regime, I explained that in question time last month that only the resource sector has been doing well.

The new Treasurer should be working for the new Prime Minister not the old Prime Minister. He is using figures to defend the O'Neill Regime, figures from the political appointees of the old Prime Minister.

On KPI number one, Members of Parliament, independence and credibility the Opposition and there say the majority of this House issues are capital F for fail.

Mr Acting Speaker KPI number two the economic update does economic updates provide the big picture on development issues facing our country. There is no attempt to the statement in the context of the development crisis facing PNG after six years of O'Neill/Abel Regime.

There is no statement that confirming that formal employment level have being going backwards and now K50.000 less than in 2013 and K120 000 less than if the economy had done as well under the previous government.

No mentioned of the health crisis facing our people, there is no mention whatsoever of the education crisis with many of our schools repeatedly closing early. Why is this important? If the new treasurer doesn't understands that there is an acute development crisis in PNG, arguably close to the worst in our history than you will be tempted to blindly follow the same PNC policies pretending that they are largely working?

Mr Acting Speaker we are in a crisis we need policies that are fit for dealing with a crisis. The Treasurer's statement is just a go slow slowly small vision statement, it is like a turtle slowly walking up the beach with its eye closed.

Mr Acting Speaker the alternative government had a rescue plan ready to start immediately for want of the better title the Laguna Plan, instead we have the Clowns from Crowns non action plan. Where is Treasurer Basil rapid response to the crucial crisis facing Papua New Guinea, at least former treasurer Abel recognise there is a need for emergency with a 100 day plan even with its failings?

Treasurer Basil seems to have 100 year plan not 100 day but 100 years such a slow turtle-like movement narrow vision does not understand the urgency of the development crisis PNG is facing or the grand vision of his Prime Minister on KPI number two taking a big picture a capital F for fail.

Mr Acting Speaker KPI number three does the economic updates provide complete details on the economy the budget and debt. There was so many facts missing from this statement so many Treasurer Basil failed, even failed Prime Minister Marape first KPI two and I quote, “undertake a reassessment of the 2019 budget and deliver state of economy statistic to ensure our budget for the rest of 2019 and going forward is anchored on solid achievable numbers”.

**21/05**

For example, one major omission that is he did not even have the debts figures ready. “How large is the Debt?” We do not know. Everyone is looking forward to a Debt update, the one which should have been included in last Thursday’s statement but if we even forgive him for more slow, *easy-easy-tumas* performance! He deliberately repeated the former misleading PNC claim that the depth to GDP Ratio only 31.4 per cent.

Everyone in is this country knows that the debt situation is so much worse because the debt of SOCs and SOEs have failed to be declared.

Mr Acting Speaker, there is still so much we do not know, a Government Contract arears is K1 Billion or K3 Billion, our unpaid GST refunds, zero or K2 Billion, is unfunded debt zero or K5 Billion or even K10 Billion.

“How big were the actual losses on the UBS Oil Search fiasco?” How much have we lost on the Nautilus Solwara fiasco? Where are the controversial and much-talked about funds owed to the Landowners in the PNG LNG Gas Project and other existing projects in Papua New Guinea?

On KPI No. 3, honest and complete details, a Capital ‘F’ for Fail!

Mr Acting Speaker, the Treasurer's Economic update therefore does not pass KPI No. 1 of Independence of Credibility, KPI No.2 of taking a big picture, KPI No.3 of giving honest and complete details of the Economy 2019 Budget and our country's debt position.

Mr Acting Speaker, there is this enormous mismatch facing Papua New Guinea. We have a new dynamic and visionary Prime Minister, in contrast we have a new Treasurer who is doing it slow, who is covering up the poor economic performance of the O'Neill-years. His entire set of physical actions are just repeat, almost identical repeat, of the former Treasurer, so what I see is just continuation of PNC Policy, it is just more of the same.

Mr Acting Speaker, there is an alternative. We need economic and fiscal policies to match the vision of our new Prime Minister. Frankly, the current economic team is not up to the task. From Opposition without access to all the facts on how deep the economic hole, we cannot say exactly, how to get out of that hole but we do know these, that it will require a radically different set of policies than PNC-repeat policies from the Treasury.

We know that you do not borrow more simply to plough more debt into recurrent cost. We know that there can be good borrowings but only if on the right terms and directed to specific activities where the economic returns is greater than the interest cost. The current Treasurer lacks even these basic understandings. We have a new Prime Minister that wants Papua New Guinea to live within its means. We heard and said that just last week but we have a new Treasurer wanting to do more commercial borrowings with the fees and charges applied by the large foreign banks and consultancy firms.

Mr Acting Speaker, unfortunately for us but even more so for our children, Papua New Guinea is in an economic crisis, Papua New Guinea is in a fiscal crisis in a debt crisis, in a health crisis. Papua New Guinea is in an education crisis. Our country has such tremendous potential that we should not be in such crisis.

**22/05**

We have a Prime Minister that understands these big picture, that urgent action is needed in contrast that we have a slow PNC policy as usually approach set out in this economic statement by the new Treasurer. It failed all its key performance indicators (KPIs) and it failed a test of what is needed for this nation and fail to understand that the winners should not be the Department of Treasury and supporters of former PNC policies. Treasurer Basil's economic updates statements failed the Prime Minister and the ruling coalition partners and failed the people of PNG.

Mr Acting Speaker, in concluding may I remind all of us sitting in this House today, that the Prime Minister, has a vision and I quote: 'A vision where every mother and father will support this vision' and I quote: 'where not one child born into our country irrespective of colour, ethnicity, religion or politics is left behind'.

Therefore, Treasurer, Minister for Finance and Rural Development, Minister for National Planning and Monitoring, how many children will you leave behind, thank you Mr Acting Speaker.

**Mr MICHAEL NALI** (Mendi – Minister for Works and Implementation) – Thank you, Mr Acting Speaker. Knowing my background, you will agree with me that I will not be too expensive by bringing in to this Parliament beautiful colours and sophisticated words that sometimes you cannot find in some of the dictionaries that are sold at Theodist or in schools and universities in Papua New Guinea.

I will be turning 56 years old in August 2019, so do I look 56? I definitely will be 56 so as much as many of you have been running around digging into some of this sophisticated libraries, computers and so forth. I also took some journey in life till now.

Mr Acting Speaker, I entered Parliament in 1992 and served the people of Mendi Open, for 15 years and then and took a break for 10 years, and I'm back here again for another five years to serve my people.

As we speak, Mr Acting Speaker, there may have been some young Prime Ministers like Right Honourable Paias Wingti and other former Prime Ministers. But now, we have a young Prime Minister here. And I want to quote a statement made in a conference in Sydney, by one of our founding fathers, a Member from Chimbu namely – Kondom Agaundo, 'today I am bringing an interpreter but one day my sons and daughters will not bring an interpreter'.

So as I stand here Mr Acting Speaker, I just want to share on this Floor of Parliament and to the people of PNG that we all have lived life and we all were created differently but walk the same streets, breath the same air, represent the same group of people and having been around for a while Mr Acting Speaker, I want to take us back during our Independence time in 1975, when I attended a primary school in Bela in Upper Karintz in Mendi and heard of Independence.

23/05

So when our teachers told us to get dressed in our traditional costume, being so young at that time, I did not understand what Independence meant and so when the teachers told us to get our little costumes ready, I went to the bushes, picked up my tangets and got my little (*malo*) tapa clothes because I could not afford shirt and trousers.

I can recall walking down from our Primary School to Mendi Town just to watch the Australian Flag coming down when the new PNG Flag went up and heard them say, "that's it" we are independent. I went back home and thought I could see a human being but, I saw one flag going down and the other one going up so that is it.

For those of you who have gone to school at the university to do economics, I think apart from those books that you read, sleepless nights that you had and headaches that you endured, in my view, economics should really mean something like this. If you see a tree standing in front of you, for a person like me or a villager, he could sit down and look at the tree and say, "Or, I can make that much money from the leaf," "I can make that much from the branches," "I can make that much money from the trunk," "I make that much from the roots," and I think in the simplest terminology, that is what the economy all about.

You sit down and look at how much money you can make, from how and from where? That is, I think, in a very simple bushman terminology that would be economics.

When you talk about the counting, Mr Acting Speaker, you look at the amount of money that is coming to your hand pouch or into your budget, comparing that against, with the expenditure, how many things you should do, buy with such amount of money. But sometimes, your demand, your plans are too high and then you around to say, "Or I really want to get this thing done", sometimes I don't even have the opportunity or have a choice but I have to provide this, so what do I do? Maybe I should go and borrow.

Year in and out, for those us who are in Parliament and who are still around here, we have heard the same old nonsense from this Floor of Parliament and all of a sudden when the Government comes out with a money plan or, talks about the economy, on my right hand side, someone comes up with a colorful word to say that, "No you can't do this, you are not capable of doing this?" and then the blame game comes in.

From Independence to where we are now, the Eighth Prime Minister, this statement has always been made and this is always been the case.

I think for the Opposition to say that the current Treasurer is taking advice or singing to a melody, or trying to cover up for the previous Government is not fair. I ask the Opposition to stop this nonsense. For us to come and say that, a budget is fake, what fake? and what is an

estimate? Fake is something that is not true, is just like someone is trying to imitate a particular product or, someone who is pretending to be that, then he is a completely different person. Maybe you see a mobile phone and you think it is a Nokia brand but it's not a genuine that is fake.

Every Prime Minister, every Government in this country has come up with a money plan and that money plan has always been an estimate. Looking at the performance of the economy of the past of the previous year, looking towards what the economy likely to be in the coming month and then the budget is framed and of course it an estimate but it not a fake figure.

**24/05**

If the government and the opposition want to call that a fake money plan, so be it. Today the Honourable Member for Tari-Pori, the Prime Minister is here. He has been around for quite a while, he has been the Finance Minister in the previous government one day he will not be Prime Minister. Someone else will be the Prime Minister but when he is the Prime Minister, his government will bring in a money plan in November this year. Right now as we speak, we have a budget that was passed in 2018, appropriation for 2019.

We are all facing the difficulties and we can see that we have some cash flow problems. And the Opposition know very well the difficulties that we have. It is easy for someone to stand up and say all the negative things about a Government and, its Treasurer and Budget but I am pretty sure, the Opposition spokesman, talking against the Government Treasurer's state of the economy statement knows very well. All those great colourful 'nil pis' words that he has brought from New Ireland, from Lemus or wherever, I tell you, he knows as he is my friend and I know him.

It is good as the Opposition to criticise but sometimes it is good to be a productive Opposition and say the right thing and give your reasons as to why you do not agree with the Government's presentation. Let me remind the opposition that the statement that was made by our Treasurer was more or less not a money plan. He came and told us exactly where we are. And knowing very well where we are, he also made it very clear that we have a couple of months left. We will sit down and have a look at how the budget performs and of course, if we find out that we will fall short of our money plan, of which you are a part of.

Mr Acting Speaker, he said we will come back again and have a look at it that is nothing new. I came back now as Works Minister, I have 30, 000 kilometres of roads in this



country, these are national highways economic links, including all other district roads and others. If I go through all these records, I tell you the only roads that have had prominence and have been built over time are during the Australian colonial administration.

I have a lot of my friends who are seated here, some are still here and some have gone but these are the facts. Grand Chief Somare brought us from the colonial rule to self-government, Australia gave us the roads that we have, in fact 75 per cent of the roads that we have, and especially the main roads were built prior to Independence. When I look at the amount of infrastructure that was built, I am talking about airports, roads, seaports, and jetties.

**25/05**

Mr Acting Speaker, I do not see any new infrastructure that was built from 1975 to the time the previous government took over. Wingti was Prime Minister, he knows what roads, bridges and airports he built, that was his time. Sir Rabbie was Prime Minister, Late Bill Skate was Prime Minister, Sir Mekere sitting here was Prime Minister. Come on, let's go out there and look at who built what.

And now if you want to go back and look at those roads which were built during the colonial times, a lot of those roads have gone back to the bush, bridges have fallen apart, those that are surviving are not worthy of providing that service. We have all gone wrong somewhere.

Mr Acting Speaker, as I speak, a major blowout in the budget, K4.4 billion of taxpayer's money and internal revenue money that comes into this country goes into Public Service. According to some of the figures that I am getting, every month this country is capable of raising K700 million only. Of that K700 million, Public Service salary goes up to about K170 million a fortnight, multiplied by two it goes to K314 million a month and then there's DSIP, free education, free health, road maintenance and every other programme put together. Where is the money? That is a fact.

You become Prime Minister and what are you going to do, kneel down and pray and money will fall down from heaven? We all know that we are living in a country with our population growing and with educated men and women coming up, and with all the demands that are there, we just are not able to survive.

Now, let's look at our people. You go up to the highlands region, all the coffee plantations are gone. Coffee is the bean that is bringing in foreign currency, you don't have it

anymore. You go to the coast, you look at copra and you look at cocoa. Half of the copra and cocoa plantations have already been taken over by weeds and trees. No one wants to go out there and put their hands into those money-making trees. But, if you go to places like Samoa, Tonga, Fiji and Niue they don't have coffee trees, they have nothing yet they are able to survive. They wear some of the best clothes. They are the healthiest looking people, washed and freshened up every day with beautiful smile while in PNG it is the total opposite.

We have all the gold, all the gas, you name it, everything, coffee trees, copra trees all sorts of natural resources are abundantly found in this country. But we have a problem here where we carry the legacy of so many governments over the years. Our people are looking at governments putting our children to school, they want the government to pay for all the medicines, and they want the Members of Parliament to pay for every coffin for every person that dies. They want to government to, after paying the free education from elementary up to year 12, they still want the Members of Parliament including to pay subsidies for tertiary institutions. But, when it comes to making that baby we all did not line up to make that baby. I made my own baby so I am now responsible for my own babies.

**26/05**

But this country seems to want the Government to provide for every baby that is made here. Listen! We are all the same and no matter which side of House we sit, we all have the same thoughts and ideas. Do not think that you just came down from Heaven, we are all on earth. These tough decisions to say no to our people and ask them to fend for themselves is not coming from anyone of us. We have literally made our people become lazy.

Mr Acting Speaker, if you want your DSIPs and a good road, hospital or a money plan that will go up to about K30 billion then you honourable Members of Parliament need to contribute in a meaningful debate. Let us not try to look like angels and make others look like devils. We are all the same and the responsibility lies on all of us. We are the ones that will lead our people in the right path.

Mr Acting Speaker, every time you try to rubbish or badmouth another person who is doing something right then you must know that this is wrong. Let us stand together and work together for the good of our country. I am quite an elderly person and I realise that we have come to our cross-roads. This House needs all of us to gather ourselves and get us back on track.

**Sir PETER IPATAS** (Enga) – Thank you Mr Acting Speaker. I must apologise that I was not here when our Treasurer made his statement to Parliament and I have not read his speech. However, on the outset it won't take a rocket scientist to figure out where we are.

Mr Acting Speaker, we just had a change of government and part of the reason is to fix this economy. We are not here to listen to all this rhetoric. There was a change of Prime Minister because we saw certain things that were not working right in this country. The economy is just one of them and one that is very serious. It is good enough for the Treasurer to put out the state of the economy but more importantly it is about how we are going to go forward. Are we going to keep on looking at what happened in the past or are we going to fix the problems in our country?

Mr Acting Speaker, I for one am very close to the former Prime Minister but I made a decision as a leader of my people to elect a new Prime Minister to fix the problems that we have. I want to see a lot of you ministers who have the opportunity to serve in government to take your responsibilities seriously. The Treasurer is not going to fix it for you. We all have a responsibility to our people and to fix our country's problems.

**27/05**

Mr Acting Speaker, through you, I want to call on the new Prime Minister to put a mark of his leadership in this country. You have been elected to put your own foot print in this young nation.

We are not here to compromise, we are here to make a choice. I as the leader from my own region in the Highlands had to leave the former Prime Minister to elect another one.

I want to thank the Parliament for once again giving the region the opportunity to serve this country in the highest office in the land.

It's about us all taking responsibility, it must start from Cabinet. All of us have to fix this country. We have to make some very tough decisions. Those who have been corrupt in this country must go behind the bars. They must go to Bomana. We know who these culprit are in this country. We must not protect them. Why are the people suffering? Why is the country suffering?

Mr Acting Speaker, I have served this country for 22 years as Governor. I don't over spend in my province, I have a budget. Who gave you licence here at national level to keep on spending money that is not there?

People have to be made accountable for their action. We are not going to pass the buck. If we are leaders who have made some mistakes, own up. Leave the office that you hold, be honest to your people, to this country. It is not hard, it's a hard decision to make changes to government. We want to see real change for this economy to go forward.

Mr Acting Speaker, I left the former Prime Minister because he was not listening to me about law and order.

You can talk about economy but if you don't get law and order right, how are you going to fix the economy of this country. Some of you leaders on this Floor, if you have made compromising decisions in office, some people like me want to see the Australian Police come here and put some of us behind bars. You should be ashamed of yourselves.

Fix law and order, economy will pick up. When people feel safe, they will do their own business. When the Minister for Works is talking about coffee, who wants to grow coffee now when everybody is stealing coffee in the back yard. There is an attitude problem, a law and order issue. We have to attend to. When you have youths who are on the road conducting road blocks to collect money.

All leaders can see that there is a law and order problem. Internally you can't fix it because you have a problem. Stop compromising the interest of the eight million people in this country.

I want to make a call on the Prime Minister, be tough enough. When people are saying that you are going to compromise the integrity of this nation. You must save the country from law and order situation. Solve this law and order problem.

In Enga, people think that I have law and order problem I don't, I have tribal fight, I can manage it, but I know that I can excel.

**28/05**

If I can manage law and order and the people will be able to grow their economy that is the challenge for this government.

Mr Acting Speaker, for all of us who are implicated, Departmental Heads, Politicians who have been implicated, Prime Minister you must not fear anybody, you are Prime Minister from the Hela Region, you must put your own footprint, you must show the Nation that you are here to do the right thing for this country and we must investigate and lock them up, no buddy business on these Floor, when you are looking for money, well money is stolen and if you do not fix it who is going to fix it? When you are in Cabinet, awarding contract, if

they are beyond estimate that the experts give you and if you put up a higher contract, do you expect the economy to do well, come on we can talk all day in Parliament here but let us own up, we are the problem in this nation, we cannot pass the buck, own up!

I want to see a few people, our leaders pay for their actions, we do not own this country, individually. There are rules, laws and processes, you cannot come and do anything you desire in this country and do not think that Treasurer will fix it for you tonight by giving you the state of the economy statement here.

Mr Acting Speaker, as I said I did not have the opportunity to hear what the Treasurer presented but I think we all know, we have a serious problem, let us start by fixing and taking collective actions, let us not point fingers at the opposition or government, we are all leaders, we all belong to one club, we owe it to our people to sought out issues.

Mr Acting Speaker, I on record want to say this, I have made a very, very tough decision to change the former Prime Minister because I thought we were going the wrong way in trying to save this country, we have made that call so it is up to the Leadership or the Prime Minister right now to make sure that we show the people of this country that we are serious about fixing our own country.

Thank you, Mr Acting Speaker.

**MR JOSEPH LELANG** (Kandrian-Gloucester) – Thank you Mr Acting Speaker, I also want to contribute to this debate.

Mr Acting Speaker, Papua New Guinea has enjoyed the seven years of consecutive Economic growth, in 2018 after experiencing the impact of the earthquake of 7.9 magnitude in February, last year. By mid-year, the Treasury Department revised its growth projection for the year to one per cent but by then end of the year to 0.3 per cent.

Mr Acting Speaker, the Treasury Department through the Minister is now advising or has just advised the Parliament that the economy has actually contracted in 2018 by -0.7 per cent. This is simply unbelievable Mr Acting Speaker, how can a leading central agency that is staffed to provide timely updates on the economy and policy advice to the Government get it wrong and mislead Parliament and the Nation all throughout 2018 in the performance of the PNG Economy.

**29/05**

Why did it take 12 months for the Department of Treasury to realise that the economy has actually contracted?

Most of us knew the economy was not performing well, especially in the last couple of years and this should have been diagnosed early by the Department of Treasury and built into the budget framework for 2019 and over the medium term. Not towards the close of accounts, only to tell us that the economy is actually contracted.

Mr Acting Speaker, in the Treasurer's statement, he has informed the Parliament and the nation that the average headline inflation is low and the monetary constraints and shortages in foreign currency has improved, and that the economy will experience positive growth of 4 percent in 2019, driven largely by the rebound in the agriculture sector, the oil and gas sector and the mining sector. If that is the case, why is it that the revenue from the oil and gas and the mining sectors are declining, despite this projected strong growth. Why is this growth not translated into employment growth?

Mr Acting Speaker, jobs are created by the private sector and the Government needs to make deliberate interventions in supporting self-start initiatives in the case of cash crop funding and small medium enterprise initiatives.

The private sector in PNG has faced much difficulties over the last few years as a result of the prolonged adverse domestic condition. Why have we not announced comprehensive measures as part of this statement and as part of Government policy initiatives to support our private sector in PNG?

In addition, initiatives to support our farmers and small medium enterprises with specific focus on removing impediments to growth and development of these sectors and with specific focus and design specific employment strategies to create jobs relevant to our democratic profile.

In the past, one of the main reasons why the IRC was not collecting more taxes as it should was due to the inadequate operational funding issues. This has been addressed over the years and now through the Ministers statement, we are of another excuse again and this time of housing.

All public servants face housing problems and a lot of initiatives have been taken by the previous and this Government to support housing for the public servants. What happened to the K200 million given in 2010 for public servants housing issues?

What happened to the K400 million given to the Bank of South Pacific for public servants housing?

Can we table some reports on this to Parliament so that we know how effective that provision has been and who has been benefiting from these housing schemes.

Mr Acting Speaker, the IRC must stop giving excuses. When the economy is projected to grow, we expect employment and revenue to also rise in a positive direction. Sadly in PNG, this is not the case. Why? We need to have an explanation for this.

Are state-owned enterprises reluctant to pass on dividends to the Treasury Department? Are revenue agencies not collecting taxing and non-tax revenues efficiently and effectively? Or is this is another example of the Treasury Departments unrealistic revenue projections? Or is there a wide spread tax avoidance and evasion practise in Papua New Guinea? What about our GDP? Is our GDP growth in PNG generated from a narrow base? If so, then we need to broaden that and diversify our economy base so that our country's tax is also broadened and diversified.

Mr Acting Speaker, this is an important phase for a sustainable and stable robust future.

Mr Acting Speaker, when are we going to hear of policy responses and affirmative actions to address the economic conditions in our economy? One aspect of our Budget which we are paying little attention to is on the expenditure side.

In the face of dwindling revenue inflows and saturated domestic debt market, we should consider tightening expenditure and to live within our means. These are the very same sentiments that our Honourable Prime Minister has echoed. We should be cautious in ensuring and considering options of financing the Budget through issuance of external debt.

### **30/05**

We should be cautions in considering options for financing the budget through issuances of external debts. In the last seven years, we initially relied on external debts by borrowing extensively then we moved to short term domestic debts and later moved to long term domestic's debts as part of the medium term debt management strategy.

Now we are moving back to external debts, Mr Acting Speaker, exposing our budget to exchange rate and interest rate risk is dangerous and can leave the Government and PNG vulnerable to interest rates and exchange rates fluctuations. We need to be wary of that, Mr Acting Speaker, total debt has risen from K8 billion to K27 billion over the last seven years, or 31.1 percent of GDP according to the 2018, final budget outcome report. But I suspect this is much higher if all publicly guaranteed debts are also included.

Under the *Fiscal Responsibility Act*, a ceiling of 35 percent debt to GDP ratio is considered acceptable within the perspective of sustainable debt management. But is this ratio based on our capacity, no it's not, where we are right now, and we cannot sustainably manage our debts situation.

There is no room to borrow in my view. The 2018 final budget outing report Mr Acting Speaker, further reported that interest payment has risen from under K400 million in 2012, to K1.9 billion. The K1.9 billion in 2018, as per the final budget report is in fact, K500 million higher than the 2017 actual level and it's not showing any signs of slowing down as long as we continue to borrow. This is the large chunk of the budget leaving very little flexibility for public investment programs. It affects the overall fiscal space and creates rigidity in the budget framework. The same report Mr Acting Speaker, also showed that principle repayments on our debt has also increased by seven percent of over the 2017 level.

Mr Acting Speaker, for the above reasons it's obvious that the country's public and publicly guaranteed debt at present is unmanageable and unsustainable and the government must now accept this fact, and take corrective measures, the risk to our economy are real if further borrowings is entertained.

Mr Acting Speaker, what is obvious is that while debt repayment is increasing every year, the capacity of our domestic economy to generate internal revenue has remain flat over time. With opening up of the gas project, the structure of the PNG economy has grown bigger but without any corresponding increase in the revenue base of this country. And so when we start using the debt to GDP ratio as the benchmark for borrowing than this is flawed.

Mr Acting Speaker, the fiscal regime of this country must never be put on the negotiating table during investor or project negotiations. Everybody must pay the taxes and there should be no free-riders. When I was engaged with the Department of Treasury at that time and during that time when some of these projects were negotiated in the country. The price of gold for instances, was only less than US\$50 per ounce and a barrel of oil was around US\$20. But now the price of gold has increased to US\$1300 per ounce and barrel of oil is more than US\$50 a barrel and sometimes increases US\$100 a barrel even. So the announcement by the Prime Minister to enforce audit compliance on major resource projects and to review the taxation rates and tax holidays if I may add as they apply to certain major resource projects in this country especially in light to large resource rents resulting from high mineral prices in recent years, need to take place as a matter of immediate urgency. We all must support the Prime Minister's call to do this and the sooner the better.



Mr Acting Speaker, we have heard of explosions in the cost of public servants salaries, wage bills, utilities and rental costs.

In the last term of Parliament 2013, it was announced that fiscal austerity measures would be in place to contain the high public service wages problem. Up till now as we can see nothing was done but we are still faced with this problem. I am aware that as part of June 2018, Mid-year Economic Fiscal Outlook (MYEFO).

### 31/05

The Government informed the Parliament that the Department of Finance and Organization Structure and Payroll Expenditure Audit Committee (OSPAC), would address this problem and bring the Wage Bill under control. It's been 12 months now.

Mr Acting Speaker and we need an update on what progress has been made.

Mr Acting Speaker, the last point I want to dwell on, is the issue of floating cheques which the Treasurer has raised in his state of the economy address.

Mr Acting Speaker, when I was the Assistant Secretary, the head of fiscal policy, with the Treasury Department in 2000, I design the Government cash flow management system which has improved on since.

At that time two important pieces of *legislation* where passed by National Parliament, the *Treasury Bill Act of 2000* and the *Central Banking and Financial Institution Act of 2000*.

These legislations brought debt management under Treasury Department and ensured that the Central Banks conduct of monetary policy was independent. Despite the introduction of the integrated Financial Management System (IFMS) which promoted accrual accounting replacing the PGAS system, the Government buying large continued to operate largely on cash base.

It's been captured, cash flow management system which the Treasury Department uses to guide public expenditure and movement of funds from the Waigani Public Accounts to release of warrant authority must be backed up by cash so that Government cheques avoid getting dis-honoured by the banks.

Mr Acting Speaker, in my view, there are two problems that the new Treasurer will have to deal with. The first,

(1) Is to ensure that all warrant authorities are backed by cash in the Waigani Public Account and are backed up by projector revenue inflows as per the approved budgets. Short-term breathing financing over the cost of the year is determined by the revenue inflows and

the use of temporary advance facilities at the Bank of PNG or issuance of Treasury bills and Government bonds is intended to smoothen the Government cash flow problem throughout the year so that we do not run out of cash and all commitments are fully implemented in a fiscal year there by keeping to a budget deficit forecast. The Treasury Department must go back and relook at the cash flow management system and allow and empower the public debt committee which comprises of the Bank of PNG, the IRC, the Department of Finance, National Planning and Treasury to manage the budget and cash flow of Government and do their job as required by the two (2) legislations I alluded to earlier without fear or favor. And any other budget or expenditure committee set by the Chief Secretary or people outside the Treasury Department must be abolished forth with.

(2)The second issue, Mr Acting Speaker, is to abolish the illegal liability trust account that is set up by the Department of Finance around 2013, 2014 and 2015. All unused funds after close of accounts for the preceding years have been swept into this liability trust account. Cheques are then drawn to service providers and programed out of this trust account including way into January and February of a fiscal year.

Mr Acting Speaker, although this is called creative accounting, it is illegal and this practice must have cease forth with because it is affecting the Government cash flow and is hitting into the revenue inflows in the new budget as the Treasurer has alluded to, because of cheques floats problem. This is the cause of cheques float. Why is it illegal? Mr Acting Speaker, cheques are written and drawn against revenue, but the cheques drawn against the liability trust account are not drawn against the revenue. There is no appropriation or budget for it.

This is one contributing factor towards the dishonoring of Government cheques by Commercial Banks. This not only affects the performance of budgets but now no one can trust Government cheques anymore.

Mr Acting Speaker, I would like to suggest that in the 2020 Budget or the supplementary budget is one is coming up for this year, the Department of Finance needs to write-off all the balance in the liability trust account and that must be done against the revenue in the 2020 Budget or against the supplementary budget for this year, if there is one to be tabled. We need to do this quickly so that we address the problem of floating cheques, of cash flow problem of vast continually running out of revenue.

We need to do this quickly so that we need to address the problems of floating cheques. Of cash flow problems and of us continually running out of revenue. We need to go back to basics. We need the Department of Finance to reconcile its books with the banks so we ensure we are on top of the Waigani Public Accounts balances. I do not have to spell this out, it is in the laws.

**Mr WERA MORI** (Chuave-Minister for Commerce and Industry) –Thank you, Mr Acting Speaker. Firstly, I would like to commend all contributors to this debate. This is very healthy for the fact that we are talking about the survival of this country and the people that we represent. On this note I would like to commend the new Treasurer for basically being bold to inform this Parliament on what the real situation is in regards to the state of the economy.

Mr Acting Speaker, it is not a mistake for us to take back Papua New Guinea. You know that we have elected a new Prime minister who is bold enough to stand up and navigate HMS PNG to its correct rightful destinations. What has been said and covered in the debate are many of those and sometimes the failures that we have drawn ourselves into. These are self-inflicting. It is healthy to take note of the points raised in this debate because this is the only way forward. I would also like to thank the Member for Kandrian-Gloucester, himself being an imminent economist, of highlighting many of the problems that we face in this country and some of the reasons why we are where we are now.

What we need to do and in going forward, let us remove some of the baggage. If it needs for us to look at a different way of funding education in this country, or probably look at subsidised education and health for that matter. Because we cannot continue on to provide services that we cannot be able to afford to pay for. What it needs is for us to critically look at the way we have been conducting business, look at the State-owned enterprises. And I am thankful that we now have a Minister who is very energetic and a private business man who will provide leadership in that direction. Those state owned enterprises that are not paying any dividends or a struggling to pay dividends, or are operating under a loss should be brought under the microscope. We have got to make serious decisions and dissect them and I believe that some of those state owned enterprises, despite the fact that they may not be paying any dividends at all, may also obtain external loans, sacrificing against the revenue of this country. And this is the burden we are faced with so we might as well bring them to

account for their actions. It is totally unfair to square the blame on the new Treasurer, because he just came onto the job recently.

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All of us in this Parliament should give him the support that he needs rather than pointing fingers at each other. Let us support our new Prime Minister because he has basically charted a way out for Papua New Guinea.

I'd like to support the statements that many of our colleague Members of Parliament have made here on the need to diversify our economic base and this is very important. I will soon bring in a ministerial statement as soon as Cabinet clears my paper on some of the approaches or mechanisms that we would want to do in terms of diversifying our economic base.

We need to move away from the extractive industries because when they go back or when the prices are not good, we also consequently suffer. But, if we are going to diversify our economic base, it must be done with the right intentions.

Diversifying our economic base cannot be driven by only one ministry or department alone. There will be interconnectivity. We need to recognise that, establish the dialogue and put in the mechanisms.

Rather than speaking on what I am going to present in my ministerial statement, I'd like to migrate away from that. We as a country must create the necessary enablers that will drive the industries to make things happen. We just cannot open up or we just cannot conduct business in a vacuum.

Recently, the Prime Minister made an announcement declaring Manus as a Free Trade Zone. This is a position that we take as a department to bring forth what we need to do on Manus so that it can be able to drive some of our economic agenda.

So, Mr Acting Speaker, we brought ourselves into this so we now need to aggressively move away from our primary industries to secondary industries. This means, we now have to go down into down-stream processing.

I will be bringing some policy papers into Parliament and I will need your support. We now have to move away from the so-called equities and royalties that we receive and seriously go into production sharing so that we might receive what is equitably ours. So that we do not come up and face the same situation and the circumstances which we are now facing.

On a closing note, Mr Assistant Speaker, I'd like to make this call that we seriously must now look at all our liabilities and identify the contributors to those liabilities. I know, we have our own criticisms and our own views of what has happened in the past. But, whatever they may be, at least these were activities like the recently concluded APEC Meeting in PNG.

We as a nation stood up for it, we got ourselves counted as a nation amongst the international community.

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Mr Acting Speaker, moving forward it is time now that we must take stock of how we have been running government and our liabilities and find the best way possible to retire them and put in place a management practice that will be transparent.

Thank you Mr Acting Speaker.

**Sir MEKERE MORAUTA** (Moresby North-West) – Mr Acting Speaker, I will confirm my comments to revenue expenditure, foreign currency, state-owned enterprises, debt and foreign aid. These are matters that were raised by the Minister in his statement.

In relation to revenue, the Treasurer said that the Government is and I quote 'the Government is slightly behind revenue' with revenue for the first five months of K974 million or 19 per cent less than budgeted. A few days later, the Minister for Finance said the revenue was down by K2 billion, K1.25 billion greater than your figure. This is a bit confusing! Who do we believe and who is right on this very important matter? The revenue shortfall is K974 million or K2 billion neither figure, is I'm afraid slight, as you described it. Very loud bells should be ringing in your ears because firstly the shortfall indicates that the budget is way off the mark bothering on useless.

Secondly, it shows that domestic economy is stuck in a recessionary gear. Corporate tax, GST, and petroleum taxes are all down. State enterprises are not performing and paying only K100 million of the budgeted K500 million in dividends. Departmental contributions are also lower than budgeted.

Mr Acting Speaker, you mentioned and I quote again 'higher use of infrastructure tax credit may also be responsible for lower tax collections in 2019'. Mr Treasurer I'm afraid there is no may about it! Without question, tax credit scheme has been grossly abused in past for glorification projects, parties for foreign visitors, football games, conference centres with

sea views resulting in lower tax revenues. You did not mention that you would intend to correct such an abuse and bring the use of tax credit to the purpose for which they were introduced. They were introduced to be spent on projects chosen by the government principally in areas where resource projects are located.

Mr Acting Speaker, with regard to expenditure. You said that and I quote 'operational expenditure from January to May was K4.5 billion which is three per cent higher than the expected but much lower than the total warrant of almost K5 billion the treasury had realised. I do not really understand this. You say expected, do you mean lower than the budgeted or in whose expectation are you relying on?

You go on to say that the actual expenditure although higher than expected, is lower than the amount issued by the Treasury warrants. Mr Treasurer, why is treasury issuing warrants knowing very well there is no cash to back them up? The Treasury might as well write warrants on toilet papers. At least toilet papers has some other utilities. You say personal emoluments for national departments exceeded budget by 7.3 per cent and for teachers by 11 per cent. Why? And yet many public servants are complaining about not receiving their entitlements in full.

Mr Acting Speaker, again clearly the budget assumptions and settings cannot be relied on.

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You say that the following expenditure categories were controlled, education subsidies, medical supplies, emergencies roads and bridges, provincial health authority operations, tertiary education study assistance, provincial functional grants.

To me, Treasurer these are essential items of expenditures. They directly affect the welfare of our people and the operations and effectiveness of provincial governments. Why are these not funded in full? Should you not be controlling and cutting expenditure of non essential services like stopping abuse, wastage and corruption. On foreign currency, Treasurer you are correct when you say that there is a foreign currency shortage and that it continues to hurt the businesses operating in our country.

On top of the currency shortage, there is an accumulated backlog, neither selective, discriminatory rationing of foreign currencies nor short term expensive commercial borrowing will extinguish such shortage quickly.

You said that the government is negotiating two new loans and another sovereign bond issue. Mr Treasurer, commercial borrowings for standing through the budget create additional demand for foreign currencies so such borrowings are only of partial help to freeing the foreign exchange constraints.

Mr Treasurer, I suggest strongly that you 'consider' your pure balance of payment borrowing from either the International Monetary Fund or from other sources. The difference with pure balance of payment borrowing is that receipt from such borrowing do not come to the consolidated revenue for spending. The receipts are held by the Central Bank and add to the stock of foreign reserve that we have – that, and not commercial borrowing will solve the shortage very quickly.

Now on state-owned enterprises, Mr Treasurer there seems to some contradiction regarding the role of regarding the State Enterprises. On one hand, you expect them to be 'cash cows' paying large dividends to support the budget, on the other hand you expect them to be and I quote, 'drivers' of the economic development. To be drivers of economic development, state-owned enterprises have to be free from political interference, adequately capitalised which we can't because we are broke as a shareholder and run on commercial lines.

The output of this enterprises, power, telecommunication, water, sea and air transport are inputs to the private sector. Providing this inputs affordably, reliably, efficiently and profitably is the central roles of SOEs.

SOEs, am afraid should not be treated as ATM by the Government. Their outputs affect the structure of our cost in the country and affect directly the living standard of our people.

I created the IPBC to bring SOE's under one entity to clean them up and prepare them to play the role I just outlined. Whether state-owned fully, sold completely or privatized, contract managed or merged with the private sector companies in public-private enterprise. The success of the Bank South Pacific which you mentioned is exactly what was intended for all SOEs.

Now, similar successes can be achieved with other SOEs, if we reform and restructuring undertaking carefully and professionally.

Mr Treasurer, I find it disturbing that the Government is now breaking up responsibilities for SOEs, taking entities out of Kumul Holdings which is former IPBC and putting them under sectoral under sectoral or regulatory departments

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For example, Air Niugini under Transport Ministry, PNG Power, Telikom and Data Co under the Ministry of Communications and LNG.

These I'm afraid will open the way for political interference or increased political interference, it will result in the confusion of roles of being the regulator and the regulated and probably, even less accountability and the transparency. It will be difficult to instil commercial disciplines and adopt commercial practices under the structure. I suggest the government should review this position.

You mention the need to revise the legislation for Kumul Petroleum, Treasurer I urge you to do this as soon as possible. The recently leaked letter to the Prime Minister and the Minister for Petroleum indicates the gross abuse and corruption in the operation of Kumul Petroleum.

Kumul Petroleum revenues are public monies and should be paid directly to consolidated revenue not frittered away by the board and management of the company. I suggest that you and the Minister for State Enterprises immediately demand the audited accounts from Kumul Petroleum and table them for public discussion. I also urge the Government takes forensic investigation of the company's past expenditure.

On borrowing and debts, Minister for Treasury, borrowings are a normal accepted method of finance in budgets, suppose there is nothing inherently dangerous or evil with borrowing it is prudent to borrow provided, in my view, two terms are satisfied, first is the proceeds from borrowing are not to be used to fund re-current expenditure or build non-income producing infrastructure, unproductive infrastructure.

Second is the borrowing are tied to projects capable of creating or earning sufficient income to service the debt associated with the borrowing and make net contribution to the national income. Now, we await your disclosure of actual level of debt and the cost of debt service, the figures should include all on the off-sheet balance in various SOEs including NCDC and other companies, once we had a full picture of public debts the makeup of the debts should be reviewed. Where possible the most expensive loan should be re-financed and maturities of others expanded so that the payment burden is lightened by spreading over a longer period.

Mr Acting Speaker, on multi-lateral and bilateral aid it is disappointing that Treasury has no account of foreign aid receipts for the year, it seems you are asking for a government and institutions to provide this figures. This seems rather strange.



Now three things are clear:

- (1) It seems our government is not in control of foreign aid,
- (2) The government is not managing the foreign aid properly, and;
- (3) Foreign aid is not sufficient integrated into the budget so that its use should reflect to our priorities and not the donor's.

Mr Deputy Speaker, in conclusion overall, Treasurer your statement to me highlights four issues:

- (1) The non-mining sector of the economy is not in a good shape,
- (2) The revenue assumptions of the budget are over optimistic and expenditure level, unsustainably high.
- (3) The gulf between revenue is widening and would result in high indebtedness, high borrowing and increased debt burden, and;

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(4) The Budget needs to be repaired and restructured to be more realistic. It is critical that the Government acts quickly to free up some of these fiscal black holes from corruption, waste and mismanagement, poor budgeting and over reliance on borrowing and on the mining sector.

A Supplementary Budget is needed to reallocate the money we have now because there is no new money and that is to achieve four things;

- (1) To protect services in health, education and law and order,
  - (2) To maintain income generating and the productivity and enhancing infrastructure,
  - (3) Provide conditions to stimulate the non-resource sector,
  - (4) Clear government areas and big contractor, and suppliers in full and on time,
- Meanwhile, the Government needs to do two things,

(1) Obtain first-rate economic advice because that appears to be not coming from Treasury.

(2) A deep and comprehensive expenditure review to lay the foundation and framework for future Budget beginning in 2020 to find ways of delivering services more effectively and cost efficiently.

- (3) To lay the foundation of a balanced and sustainable economic growth.

**Mr RICHARD MASESRE** (Ijivitari) – Mr Acting Speaker, I thank you for this opportunity to contribute to the Treasurers Statement.

Mr Acting Speaker, firstly let me take this opportunity to congratulate the new Treasurer for delivering a 28-page statement to this Parliament and to this nation both addressing the good and the bad sides of the economy of this country.

Mr Acting Speaker, as both the Opposition and the Government digested this statement. In Parliament, you will always have pessimists and optimists. The pessimists will always look for faults, problems and flaws in a statement or a budget. An optimist will always look for the better sides, happier sides and the positives to encourage and strengthen the way forward for the country.

For example, when you have a half-glass of water, a pessimist will always tell you that the glass is half-filled. An optimist will say half empty.

And when it is raining outside a pessimist will tell you it will be muddy tomorrow and an optimist will tell you that the grass will be greener tomorrow.

Mr Acting Speaker, I would like to add value to the statement that was delivered by the Treasurer. We have a large population over eight million plus in this country. About seven million plus population of this country live in the rural communities which we never cease debating about every day.

Mr Acting Speaker, just imagine if we did a Budget in 2020 that focused on the seven million people of this country, imagine how the dynamics of our economy in this country will change. If our 2020 Budget was targeted towards agriculture and tourism, imagine how many people in our rural communities will have monies daily in their pockets.

Mr Acting Speaker, there is one particular sector that we need to address as a growing economy. I believe our Prime Minister has echoed those sentiments and he is very passionate about SME. I have heard that he visited a conference recently that was addressing SME.

I would like to say that I believe the Small Medium Enterprise sector can stimulate the economy and grow it 10 times if this Government injects huge allocations to SME.

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Mr Acting Speaker, in order to grow a SME the Government make an enterprising approach to addressing our economy. By doing so we need to start pushing money back into the rural communities by creating and stimulating SMEs in the rural sector. Small to Medium Enterprises, Micro-small to Medium Enterprises are quite often words we used on this Floor

of Parliament, in conferences and in government space. But, do we really know what SME and Micro-small to Medium Enterprises means or are we just quoting statements and don't know what an actual SME is in this country.

Nowadays if you meet any general public out in rural communities, towns and cities like our streets here who are doing table sales, for instances somebody selling noodles or biscuits on the side of a road and ask them their answer would be that's an SME. But in my professional opinion is that's not SME but a survival mode. People are selling those basic items so that they can survive in their homes. This is not SME platform but survival mode that our Papua New Guineans are doing because they need to survive. As a Government we must become responsible and tell our general community what SME really is so that we can shift the mindset of our people from table sales to making huge money through SME.

Let me give examples, in Africa, some of these countries in Africa don't have natural resources like coffee, cocoa, copra, mines, even fish in the seas, timbers and trees. But yet some of this African nations grow their economy by 4.5 percent every year and that's only by SME programs.

Mr Acting Speaker, these countries in Africa, when they started growing the economy through SME at a rate of 4.5 percent every year, even there was global recession that affected the globe, these African countries were never affected by this recession because what they did was very different and everybody on the streets were making money through SME. So when they were unemployed they were not affected because of the approach they took to build their SME. And their economy thrived because of SME and not because of gold and renewable resources but simply through SME.

Mr Acting Speaker, if our 2020 Budget is focused on shifting money from Waigani to the rural communities, to districts and provincial governments then I truly believe this country can become a massive economic force and supply the rest of this world.

For instance, in China they believe that in 2020, their population cannot be fed by the food that they grow in China, 85 percent they can produce but they will need to import another 15 percent from other countries to feed their population.

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Therefore, if we stimulate our local economy where there is land and labour force available, we can contribute to China and all these large countries. I was talking to the Indian High Commissioner three weeks ago and I was just asking general questions and he told me,

India right now they have a massive demand for bean. They called it pulses. They have a massive demand for it. They just can't get enough of it. Just imagine if Papua New Guinea invested money in beans and exported it to India.

Mr Acting Speaker, if we can manage our SME properly and I don't mean to sound direct here to our good Minister for Commerce and Industry and I know he is passionate also about SME but what kind of SME can Papua New Guineans do? The SMEs that we do that will thrive in this country. We have to start identifying SME that will thrive in this country and we start investing into those particular SMEs to grow it.

Because if we generalize, we can never get the formula right. If we generalize, we can never grow our economy but if we identify the exact SME that we can grow and make money for this country, and put money into it, I believed we can change the dynamics of our economy.

The countries in Africa that are thriving through SME, do things like small loans or small financing. They do e-commerce and technology, IT. They go into small agricultural projects for exports. They do mobile money.

When I say mobile money, I mean you go down now to Vision City and go up to the post office, Post PNG, you will see a queue and that queue is never little. The line is always long, from the time the shop opens to the time it shop closes. Every person in that particular queue are there to send and receive money. Just imagine if we start an SME in that particular area.

The corporate businesses would be missing out and the small people will make more money through that particular program. We also need to create a conducive business, incubation program to help stimulate the SME. In order to do that, Mr Deputy Speaker, we can have a paradigm shift in our education system. Right now, when you go to school, the schools will teach you English, Math, Science, Commerce, Home Economics, Practical Skills and when I was at school, these were the same things we learned.

The world is evolving, the economy is evolving, times are changing and we need to adapt with the change and move with the change .We can have a paradigm shift in our education system meaning that we go away from the general education system and start shifting into employment-based type of education where every person that passes through school is taught a skill on what to do. If we do, we have to put money into the institutes that will develop training modules to teach our children to focus on a particular avenue to make

money. We need a paradigm shift in our education system to create employment for our younger generation.

Today, even when my son who is two years old plays on my mobile phone. When I was two years old, I had no knowledge of what mobile phones were.

Times are changing and we need to change our education modules and shift from the basic general style of education to an employment-based type education module.

The Government must put money into those particular areas. Let us create. I congratulate the Prime Minister in trying to create a school fee subsidy program where you can borrow, and then when you get employment, you can pay it back.

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We can extend that program and we can make funding available for those graduating out of those particular employment based modules, let us put money back into them and help them start up their SME programs. Let them sign documents and when they start making money they can start paying back the Government. And obviously it has to be an interest – free loan, this is in order to encourage young people to go down this road.

When the government puts the money behind this type of SMEs, particularly those coming out of schools, there is a lot of young people who have good ideas. They have impressive ideas of what to do in SMEs space so if we put the money to fund them, I'm sure they will be confident because, now they have a government that recognises their talents and skills and is able to encourage them through funding. And they are now able to walk into the unknown knowing that they have a government that fully supports them.

Mr Acting Speaker, let me finish off by quoting our Prime Minister's statement to make Papua New Guinea, the richest black Christian nation over the next 10 years. I believe when you say, the richest black Christian country, some people may misjudge that statement and taking it out of context. But in my view, if you put money in a person's pocket, you have already made him rich. If he is able to pay his children's school fees, he is already rich.

If he is able to buy medical drugs at a pharmacy, you have already made him rich. The mindset of our Papua New Guineans are that we are entrepreneurs, we are very robust people, we can make money, but we just need the government to guide us, fund us and help us to get to that place. And let me challenge the Ministers that are here today; that statement is a very strong statement. Those of you who are around the Prime minister, you are the ones that will

make or break that statement, there is no time to sit around. I will tell you this, when we go to the polls in 2022, they are not going to judge us by the last government's doing.

They are going to judge us by this government's doing, so let us turn around, and grow this economy so that we have every reason to speak positively come 2022. I believe the best way forward is to stimulate this economy and grow this economy. And the best way to do it is through the SME programs.

**Sir JULIUS CHAN** (New Ireland) –I rise to join all other honourable Members this afternoon to recognise and congratulate the new Treasurer, Honourable Sam Basil in highlighting in general, the government's economic and financial situation and I also recognise the comments made by the honourable Member for Kavieng and shadow Treasurer, Ian Ling-Stuckey. In the past months we have gone through a difficult and challenging time. But we have made it through and we have shown that the democratic process works. And I want to congratulate this robust body for showing that democracy is alive and well in Papua New Guinea. And I want to congratulate the new government. I said a little just days before the change of the Prime Minister and I quote again, "There is no sea more dangerous than the ocean of politics. And it is when the waves rise to the highest that there is a greatest need for an experienced captain, a good crew and of a single unfaltering purpose."

Mr Acting Speaker, my quote will drown then by deserting Members now sitting on your right.

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The change has come and your captain has somewhat mixed all the new crew, blended together. Let's hope the country can expect new deals and bold steps to economic recovery, the wisdom and the courage to do what must be done.

My group's, the PPP and supporters of our group, commit to being members of a good crew. I hope all of us here today to make the same commitment. As a member of the crew which have more experience than most, I have some suggestions.

The first suggestion is that we be brutally honest with ourselves. Our country is facing serious economic challenges and the Honourable Shadow Treasurer was correct.

All we need to do is to look at the most basic economic document in the country, our national budget. The truth is that for the past five years, we have not been true to ourselves. Each year, we have greatly over-estimated revenues. And each year we have greatly

underestimated expenditure. That means each year, we have ended up with a far higher budget deficit at the end of the year than what was projected at the start of the year.

The Treasurer was right and I cannot say his statement was fake. In fact, it was the truth. If we look at the evidence as quite rightly put out by the Shadow Treasurer, in 2016 the budget deficit was as originally projected to be K2.1 billion. In fact, revenue was less than expected and expenditure was more than expected and the actual deficit at the end of the year was over K3 billion, a billion more than was projected.

In 2017, the projected deficit was K1.88 billion; however, once again the actual deficit was nearly K3 billion. In 2018 the actual deficit was again a billion kina more than what was projected.

Our budget for 2019 looks set to repeat the same mistake and it is good that the new Treasurer admits it. We need to start being honest with ourselves and I think he has been very honest. We need to admit that we have a problem. I know you have a problem because you owe New Ireland a lot of money and you have breached the agreement. You've taken all our natural resources and given us nothing.

Mr Acting Speaker that is not our most serious problem, the most serious problem is that we are not spending money on development, or on making our people's lives better. The truth is that most of our national budgets goes to pay off our loans, to pay interest on our loans and to pay the national bureaucracy.

Just look at the 2019 Budget. And here again, the Honourable Member for North-West, Sir Mekere is right. The budget allocated for 2019 was K11.12 billion to pay off loans, K1.9 billion in interest payments, and K4.51 billion in personnel emoluments. So, just in recurrent costs, we are spending K17.6 billion. This is out of a total expenditure budget of K26.64 billion.

So, we are spending, Mr Acting Speaker, 66.1 per cent of our total budget on debt payment and the bureaucracy – two-thirds of our budget. We have almost nothing left to pay for services, infrastructure and development for our people.

So, not only do we run high deficits every year but we are also spending twice as much money on recurrent costs as opposed to development and services. We need to fix this.

But we can't just keep on knocking the government. We are all in this game together.

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If we don't do it now, then when? If it is not us then who? We must do it together.

Mr Acting Speaker, today I want to propose some concepts. I will take a bit of a different line of my comments that will put Papua New Guinea on the track back to prosperity and that is what we should do. We should be prosperous, our people should be prosperous and be rich. Money is not everything in life. Let us look at the evidence.

Our country is rich, our natural resources are the envy of most of the world. Each year we export more than US\$10 billion worth of natural resources. Oil from the LNG Projects, gold, copper, and nickel is worth over K30 billion in resource exports. But the truth is that very little of that revenue actually comes to the state, provinces and the landowners.

For example, Norway exports about US\$50 billion worth of natural resources each year. It retains about US\$ 26 billion of that money in the country. This means that over half of the export value resources go to the state and the people of Norway. The same is true for many other countries around the world.

In PNG, of more than K30 billion worth of resources that we export every year, less than K5 billion stays onshore. This includes all taxes that the companies pay. Therefore Norway, Ghana, Senegal, Canada and America get over half of the value of resources that they export. We get less than 20 percent.

Mr Acting Speaker, this must change. We must take our country back like the Prime Minister said. Firstly, we must increase benefits of the state and the resource owners from resource extraction. Let us look at royalties. Under the *Oil and Gas Act of 1998*, a two percent well head value of oil and gas extracted. This sounds like the company is paying a two percent of the value of oil and gas to the landowners, the province and the state. What is really happening? The truth is that every toea of royalty paid by a company can be claimed as tax deduction by the company. This means that if the company pays K50 million in royalties than they are able to deduct K50 million from their tax bill. In other words, the company pays nothing.

Mr Acting Speaker, who pays then? We pay for it. The state pays for it because it gives up tax revenues equal to the amount of royalty paid. The state and people for that matter. The people are actually paying the wrong royalties. Therefore when the companies say they are paying royalties it is not accurate. We are paying for it because they can claim tax ebates. This is only the beginning. Not only does the company actually pay nothing for royalties, the rates that we ask for are ridiculously low by international standards like in Norway. Their royalty on oil and gas projects is 12.5 per cent. In the US, the royalty rate on off-shore oil is 12.5 per cent to 16 per cent.



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The same is through all across the globe all around the world. We need to dramatically increase the rate of royalties paid. The same is through in gold and copper sectors, we are getting two percent royalties while in Canada royalties are from 12 to 18 percent. In much of Africa they have between 8 and 15 percent and similar rates apply elsewhere.

If we increase the royalties' rate from 2-10 percent for oil and gas and minerals and eliminate the tax deduction for oil and gas royalties, guess what, we would end up with close to K3 billion more per year in revenue. That alone would wipe out our annual budget deficit. It is just that simple. That is not the end of it. We also have a development levy that is paid to the government. This is also calculated at two per cent, but 30 per cent of that two per cent is deductible from tax paid by the company. If we were to eliminate the tax deduction and increase development levy significantly, we would be able to realise several hundred million kina more per year.

Another lesson that we need to learn from the world concerns equity, ownership of the resources. Right now, we literally giveaway resources to the companies. For example, under the *Mining Act*, once a company is issued a mining license, they are given ownership of all minerals that come out of the ground. They never owned it before but once the mining lease is given, automatically they just own everything.

If the State or anyone else want equity in the project, we must buy that equity from the company for resource in our ground or the sea, we must buy our own resource back so the state ends up paying and sometimes we end up in controversial deals like paying K300-K400 million or K1 billion for a minority stake in the resource the country just gave away. But, in many countries, the state automatically gets free equity of 10 to 15 per cent. In Algeria, Brunei, Jerusalem, Cameroon and Libya, the state automatically gets at least 50 per cent of any oil or gas project in carried interest and when the project began to produce, the state has to pay 50 per cent of the operating cost but in return, they get 50 percent of the profit. Therefore, any project that makes a profit will result in large income for the state.

In Papua New Guinea, we should insist that in any oil or gas project, the state should receive at least 30 per cent carried interest in equity that would guarantee the state 30 per cent of the profit from the projects once production commences, the same thing for gold and copper. When the state gets 30 per cent or more of the profit, one-third of that should be shared with the province and one-third with the land owners. The total profit of oil gas and

mineral companies in PNG in 2018 were approximately US\$3 billion US or K10 billion. The state provinces and land owners combine and just 30 per cent equity in those companies the country would realise another K3 billion per year in income.

Another area we need to correct is our tax system I have already mentioned the tax deduction we should eliminate but even our overall tax regime is very low by international standards. I won't talk about that any more but I want to encourage our members not to be despaired.

Even in very powerful economies of the world, the Great Depression of 1932 in United States of America and that's when President Roosevelt announced that he will take back the resources, back to the common people of America.

**44/05**

I suggest we should now take back this to the people of Papua New Guinea, to the ordinary people of Papua New Guinea. We should however, control borrowing, control the bureaucracy, retain the percentage for development, whereas at the moment it is over 60 percent, we should now tilt in favour of just 25 to 30 percent of bureaucratic expenditure and 70 to 75 percent development expenditure and this country will move to the end.

Rather than knocking the budget all the time I suggest we talk about how increase benefits from the source extraction and investment revenues wisely and should maximise our tax collection from businesses and implement import substitution especially for agriculture, reduce foreign control on forestry and fisheries and privatise.

Don't continue to allow them to run the business at a loss but privatise state owned enterprises and allow the kina to float. Develop strategic approach to increasing autonomy for provinces, freeze on borrowing and control the bureaucracy as I mentioned earlier, tilt the expenditure pattern to 30 percent on loans and bureaucracy and 70 percent on development and I think we are on our way to recovery and we should also liberalise the foreign exchange, there is too much control that this time by the banks, have become big regulator in the business world. But the most important issue is let us now work towards the announcement made by the Prime Minister, concentrating on ourselves but to ensure that the ordinary people of PNG prosper.

Today I appeal to all members of Parliament this afternoon that we all dedicate ourselves to a new deal for the people of PNG. We all together declare that we will no longer be victims of history but all of us join hands and proclaim that we will make history, which

we will be the architect of history. And we join the community of nations that have had the courage to insist that their resources benefit themselves. People today would begin at long last to claim PNG as our own, thank you.

**Mr JAMES MARAPE** (Tari-Pori – Prime Minister) – Thank you, Mr Acting Speaker. Let me firstly thank, the Opposition spokesman for Treasury and Finance matters on his reply to our Treasurer’s statement that stimulated the conversation we heard this afternoon. Let me also thank every members of Parliament who sat in through this afternoon and its very rare on an ordinary Tuesday to have this numbers of Members of Parliament to sit in and listen to important exchange that all means well for our country.

Let me also thank two of our seniors of the House, Sir Mekere as well as the Right Honourable Sir Julius, for engaging in our debate this afternoon as to how best we could reconstruct our economy that is being struggling in the last seven or eight years. You know it’s no easy feat or there is no miracle pill or easy solution to this one. I am sure Treasurers of the past would have already found those pills or easy responses.

**45/05**

I think our Treasurer has laid out the current status quo. In his brief presentation to us last week, he stated where we are today and indicated consistent with some of our thoughts as to how we would like to go from here on.

There is also a Paper that he will be presenting later this week on the exact debt profile of our country and that should highlight where we stand.

We are delayed because we are trying to ascertain some of the debts that we don’t carry directly in our government books but is carried by some of our state-owned enterprises which are some of the liabilities we have to sort out.

This will help us appreciate some of the numbers and statistics and together we can engage in some constructive debates.

Mr Acting Speaker, I am pleased to note the length and depth of debate I really enjoyed listening to these exchanges.

We all mean well. We criticise but at the end of the day, we are all part of this big ship called MV PNG. If it sinks, we all go down with it. If it sails into smooth waters, we will all enjoy the sailing. Every conversation today was very much noted.

Mr Acting Speaker, I encourage every Minister to take note of the conversations made on the Floor of Parliament. These views and conversations are not be wasted. As an intelligent Member of the Parliament from this side or from the Opposition, speak, we must understand and dissect.

Mr Acting Speaker, our Public Service heads are paid very highly and they should be dissecting these information' and remodelling them to see which works and which is stale.

For the benefit of Parliament and those of us who attended the International Conventions Centre two weeks ago, would note that we put all our public servants and also Ministers on notice that performance is required of them to reclaim or maintain their positions whether in Cabinet or in the public servants positions they hold. They have been given one week for our public servants heads to respond back to the Ministers and they report back to Parliament as to what exactly is the blue print to make their sector work. That will be their contribution towards ensuring that we are moving in the right direction to get ourselves out of from this quagmire we are caught up in and to shift in the right place.

We are slowly getting out from this sinking and start to put our heads in the right direction.

Mr Acting Speaker, I have to admit here that our Government will not have all the answers to the needs of this country. In two years, this nation must not expect that we have deliver total solution to the needs and problems that our nation is faced with. However, that must not be the reason why we are complacent. Politics or lack of time must not be the reason for complacency. Complacency must not be part of our modus operandi.

If time is not on our side for major big ticket items, in the first instance our Government, our Cabinet and this Parliament must be in the business of arresting a stagnating economy that is almost bordering on recession and try to find immediate solutions.

Mr Acting Speaker, I thank the Member for Ijivitari for his sentiments this afternoon. I must say, he spoke a lot of sense this afternoon. I also commend the Member for Kandrian-Gloucester who spoke very well. We all know the Member for Kavieng and Member for Moresby North-West are renowned eloquent speakers on this subject. For every one of us, when we speak straight from the heart it means that we are serious in those conversations that we are making.

You don't need to look far just ask the Minister for Public Works he has all the numbers with him. The need to find money for intervention in public infrastructure far

exceeds money we have ever had this year or last year or retrospectively going back to 1975 for instance.

Mr Acting Speaker, money on one side has been scarce but the need for development on the other hand has been huge since then, today and will be huge going into the future.

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Bridging that gap is a challenge, finding the resources envelope is a challenge, ensuring that the space doesn't widen but spaces come narrow and some of the key statistics in terms of expenditure which Sir Mekere Morauta and Sir Julius Chan has alluded.

For instance, one of the key statistics as we all know that cost of recurrent expenditure seem to be growing every year, and cost of development budget is shrinking every year. If we stop this and start to make key interventions in crucial areas where development can be really felt not just development. I quite agree with some of the discussions earlier on by the members.

For instances, Mr Treasurer if you were to borrow the rate of return on the borrowing and investment infrastructure must be higher than the rate of repayment on the borrowing, that's simply simple principle. You borrow on something that will return more instead of borrowing on recurrent and wastages.

Mr Acting Speaker, for the benefit of this House, I was present in some of the discussions on projects tagged against borrowing. And I have actually asked those State agencies to go back and present me a cost benefit analysis of this project. Whether the return on this borrowing can match the pain that we will go through in the opportunity cost of scarifying some development aspirations to borrow for this projects.

As a Government we are taking full stock of where we are today and part of taking full stock is what the Treasurer has outlined to us last week. And the Treasurer will not hide anything but outlay to us the depths as indicated earlier so that all of us again will become cognition to where we are today so that everyone can contribute towards finding the right strategy for us to turn the MVPNG in the right direction we want it to be turned.

As I said earlier on many times we are standing on the cusps of the 20s, that's the next decade in front of us. In the next decade which is 2020s, if we don't travel in the right direction with the right economic trajectory we will lose the plot.

That's why in the next two years, I will not make many friends and even today in this office.

Mr Acting Speaker, some of you on this side of the House or even on the other side may feel I am soft man. I come as a dove, I have a soft approach but my heart is a heart of a tiger. You will not kill me when I am in pursuit for what is right for this country.

I have given opportunities to Ministers of State to make your mark and now delegated functions to ensure that your departments are responding. For the benefit of this House, I have advised all Ministers not to be friends with Secretaries of State, we are not there to be friends with Departmental Head, but to ensure that they do their job.

Mr Acting Speaker, its plain simple, by 2022 the rate of attrition in Parliament is such where almost 60 percent of us will be out there as statistics in 2022. What sort of country do you want to live in out there in PNG.

If my time to be out there happens I'd rather be in a country where it's healthy and wealthy and that's Waigani Public Accounts that's why many of you complain about PMMR. I advised that it's not National Forestry and its budget or Fisheries that are important, and it is not the other boards that are important, it is Waigani consolidated revenue that is more important. That's the body or pool of funds that we distribute to the entire country.

Mr Acting Speaker, the next two years is really all about reconstructing our structure of government and even some of the laws that some of us are alluding to.

Mr Acting Speaker, before arriving in this office, I am a main proponent of changing Oil and Gas Act, changing Mining Act, changing Forestry Act, changing Fisheries Act and I am not going to deviate. But at the same time we will blance the issue of finding the right time and right approach and make interventions so that it is not chasing the investors away but we're being fair and friendly, warning them that this is the way we will be doing it.

**47/05**

Mr Acting Speaker, debate is not good enough, our emotional sentiments must be back by solid evidence, data, statistics and trend and that where we are asking our department of state to really substantiate our visions that we've put forward and give us the evidence. This is the right part, the right model and not this, so to speak.

Mr Acting Speaker, the treasure is outlaid us to where we are, some of the snap shots of where he would like to take in as far as interventions he wants to take. Treasurer, I advise that all of us in the Government must be open to suggestions that are put forward. Let us embrace them and we tailored them for the good of our country going forward.

In the first instance, Mr Acting Speaker, I will support the Treasurer in doing further prognosis on where we are in 2019, if 2019 Budget by September or August as far as the revenue is not

matching up and or not collecting, I will be in dialogue with every one of us in this House. In the party leadership level, in the Ministries that we all run, in the Government Caucus engagements and serious discussions on expenditure needs to take place. When you talk about supplementary with no revenue cascading in, supplementary focus is all about expenditure. An expenditure is something we have within our control. It is not something that is dependable on international trade indicators. So in the month of July, balance of July and balance of August, we will be looking at where we are tracking as far as projected, forecasted 2019 revenue sources including an element of that is to be support by external borrowings. I think there is couple of sovereign borrowings that was proposed in 2019, that is geared to be supporting 2019 Budget.

If all these revenue sources are not coming back into our national economy in the next two or three months, Treasury will be asked to look at the possibility of doing a Supplementary with the view of adjusting expenditure. Those hard decisions needs to be made, Mr Speaker and the Members of this House must be able to be strong, convicted to rise up and say we are able to make the cut to ensure we feel the temporary pain of today but will gear our economy to better 2020, 2021 and starts the journey towards resurrecting our economy.

Those are some of the conversation that we need to engage in and those engagements must be based on statistics. I ask every one of us to give thought to all these, including the medium term suggestion by Sir Julius Chan. It is something that we need to look into in the positive and I asked all the key economic sector Ministers to be engaged with your departments right away. Do the modelling, put some options for the board for us to process. I have sent in all my instructions out to the key sector Ministers for them to look in and work at.

Now let me also at this juncture, propose something to us. Most of us sitting here, our District and Provinces are totally dependent on Waigani for revenue or to receive any funds for expenditures. I'm putting to the 22 Governors. Mr Speaker, the 22 Governors must find some business and investments that you can participate in.

Your provinces have opportunity for forestry, agriculture, fisheries, water and energy. Waigani don't need to tell you exactly what you must do. You tell us what you want to do. Waigani will ensure we'll give you the right green fence, your business proposal to the right incentives so that those businesses that you are proposing, so long as it is all congruent and consistent with a national vision. They become your impetus to ensure your provincial governments are seen as economies rather than just liability structures of Government depending on Waigani all the time. •

Some propositions for the Governors, your request for autonomy, we are receptive to listen to your business proposal so you match your autonomy dreams.

**48/05**

Put business proposals to it and look for investors, we'll see whether its workable and we will assist you so that you become a fully-fledged prosperous sector of nation. And I am looking down the line where provinces are contributing towards the national purse. And the national government is picking from one or two areas that are producing and sending it back to the province.

And do not think that we were stupid in pronouncing Manus as a tax haven. When I was the Finance minister, I had the privilege or whatever it was but I worked with Treasurer, Honourable Don Polye, Treasurer Patrick Pruaitch and Treasurer Charles Abel. Treasury in my view and in this point in time must not be introvert. You got measures to guide you, including *Fiscal Responsibilities Act* but you must be extrovert in the way you think, and its free thinking. The area of free thinking, I will encourage you on is to think about concepts in tax. If you are dropping tax in one area, will it stimulate business on the other side? This is what we want of you to think.

Mr Acting Speaker, I encourage every one of us to think business and the government now must shift from the public service mode to the business mode. We have talked so much and we do not need to continue to talk, I will cease from talking in public space in the next month. Also in the next month I have my team of leaders, whom I have spent time with in the Laguna and Grand Papua camps. We have our combined plan incorporate them with Public Service plans and if the public sector plans do not match up with us then some of them will lose their jobs. And we will start to recruit young smart thinking Papua New Guineans who want to rise up with us and work to change the course of this country.

I ask all Ministers to refrain from getting too deeper with public servants we have today and allow them to rise up and pronounce back to us, what their intentions are to change and make this country a truly richest black Christian country on the face of this planet. In my heart, I believe we can as the asset base we have is so huge and the conversion of that asset to actual equity for our economy is so small. Sir Julius one of our founding Fathers affirmed that today.

What is wrong with that, there is something wrong somewhere and there are impediments there? If it is legal impediments, let us unlock it through legal amendments. If it is public service structural impediments, let us fix the structure. And part of the structure in my view is systematic structure like, continual waste of resources through complacencies and corruption, I intend to and the Deputy Prime Minister is tasked with setting up institutions of State. Some of us may face the music so to speak, so be it.



Mr Acting Speaker, in the issue of the UBS that has recently being tabled, everyone is invited to clearly dissect what has happened. This is just one litmus test of how resilient and how we can advance the course of corruption. Corruption does not only fall within the Members of Parliament. There are entire players out there and every player must be brought into the net of corruption scrutiny. Whether it is in industries, departments, systems and every player along the line must be scrutinised and we have to tick off boxes for all, including those of us here as well.

We are not here to hide anyone, we are building a ring-fencing our economy tighter with safety mechanisms, as well as expanding the economic base is something we must be doing. In this instance we have to support the Treasurer to dissect further and come in early August to where we are clearly. And if there is a need for supplementary, we will propose a supplementary budget for later on for the balance of this year. But as we face the 2020 Budget preparations let me give an impression on the Parliament. That as we face the 2020 Budget preparation, we'd like to clearly in our budget state a clear economic position as to how we'd like to our country's economy to turn around in 2020. That is an opportunity given to us by God to do something good for our country and I intend to assist the Treasurer and his team to retire 2019 in the best possible way we can and restructure 2020 with some indications as to the policy matrixes in as far as the economy is concerned or in the social sector to arrest ways to corruption abuses and how we can go into 2020 and beyond.

**49/05**

Mr Acting Speaker, let me conclude by saying, life is not about making too many friends. I don't intend to make too many friends. If by the time 2020 comes and I don't have too many friends, I will be comforted if we make some critical interventions now and into then so that our country is placed in a better place going forward.

I can see amongst you, many young Members of Parliament. Today as I speak, I'm becoming less favourable amongst those in the industries but they are misreading me. I keep on reminding them and I will be reminding them, if PNG is healthy, prosperous and wealthy, their business address in this country will also be growing at the same time.

For, you and me and a selected few businesses who cannot afford the luxury of growing and have the majority of citizens stay behind, those who stay behind will haunt us 10 or 15 years from now. And we need to pick up, and our nation is faced with many challenges. Right in front of us is the Bougainville Crisis, Bougainville Referendum. Bougainville was

all about environmental damages out of a big mining project. People felt they were deprived of what is rightfully theirs. How we deal with resource sharing is a greater way in anchoring our nation together and I think we all have to pull in

. I welcome honest healthy criticisms and I also we welcome constructive debate. If some of you don't mind your recommendations will be engaged and will be processed together with us and the Treasurer will tidy the way forward to conclude 2019. And hopefully together every one of us can see some sense of direction in our 2020 Budget preparations.

So, with these, thank you very much for your continual patience as you sit through these important line of debates.

Thank you, Mr Acting Speaker.

Motion – That the question be put – agreed to.

Motion – That the Parliament take note of the paper – agreed to.

Paper noted.

## ADJOURNMENT

Motion (by **Mr Renbo Paita**) agreed to –

That the Parliament do now adjourn.

Parliament adjourned at 4.40 p.m.