

THIRD DAY

Thursday 29 August 2019

DRAFT HANSARD

Subject:	Page No.:
VISITORS FROM IOBUNA KOUBA PRIMARY SCHOOL – STATEMENT BY THE SPEAKER.....	2
BROADCASTING OF PARLIAMENTARY PROCEEDINGS – STATEMENT BY THE SPEAKER	2
ADMITTANCE OF THE PRESIDENT OF THE AUTONOMOUS REGION OF BOUGAINVILE –STATEMENT BY THE SPEAKER.....	2
QUESTIONS	13
Bring Back ‘Eye-in-the Sky’	13
GDP Figures - Budget Framework.....	15
Funding for New District Hospitals	18
Supplementary Question	20
District Hospital for Unggai-Bena.....	20
University of Natural Resources – Student Boycott	21
CMCA Trust Funds – Western Province	22
Supplementary Question	26
Conclusions on Inquiry Findings.....	26
SUSPENSION OF STANDING ORDERS –EXTENDED TIME FOR QUESTIONS	28
NATIONAL AIRPORT CORPORATION –AUDITED ANNUAL FINANCIAL STATEMENTS, 2012 - 2017 – PAPERS AND STATEMENT – MOTION TO TAKE NOTE OF PAPER.....	33
ADJOURNMENT.....	52

PARLIAMENTARY DEBATES
CORRECTIONS TO DAILY DRAFT HANSARD

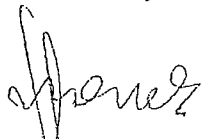
The Draft Hansard is uncorrected. It is also privileged. Members have one week from the date of this issue of Draft Hansard in which to make corrections to their speeches. Until the expiration of this one week period, Draft Hansard must not be quoted as final and accurate report of the debates of the National Parliament.

Corrections may be 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

THIRD DAY

Thursday 29 August 2019

The Speaker (**Mr Job Pomat**) took the Chair at 10 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 Speaker again took the Chair at 10.50 a.m., and invited the Member for Mul-Baiyer, **Honourable Kōi Trappe**, to say Prayers:

‘Papa God, yu God blong Heven na Earth. Yu God blong mipela long Papua Niugini. Mipela ol lidas yu makim mipela, mipela kam sanap long hia long dispela Palamen, Papa God mipela tok tenk yu tru. Mipela ino gutpela man. Papa Yu yet yu save pinis.

Yu save kipim promis blong yu na lo blong yu olgeta taim na yu luksave long mipela pinis. Mipela ino gutpela man, mipela ol sinman,

Papa mi prea na mi tok sori tru, yu forgivim mipela, klinim mipela wantaim blut blong yu.

Papa God yu yet yu tok pinis, yupela konfes, mi bai forgivim. Yu save behainim lo blong yu. Mipela tok tenk yu long dispela. Lukim mipela,

Papa God, givim gutpela tingtingna mipela iken wokim gutpela disesen, anointing na blessing na olgeta blessing blong yu iken stap wantaim mipela na kantri blong mipela.

Mi tok tenk yu tru Papa God, yu givim Jisās Krai, em idai long sin blong mipela, that is why yuk am painim mipela long dispela graun, Papua Niugini, mi tok tenk yu tru long dispela.

Tenk yu God, tenk yu Jisas Krai, tenk yu Holi Spirit, tenk yu long yu lukautim mipela na protectim mipela.

Tenk yu. Na tenk yu long olgeta samting yu yet yu direktim na givim gutpela tingting long mipela. Tenk yu, na nau mipela iken behainim prea wea yu lidim mipela.’

**VISITORS FROM IOBUNA KOUBA PRIMARY SCHOOL –
STATEMENT BY THE SPEAKER**

Mr SPEAKER – Honourable Members, I have to inform the Parliament that Grade 8 students and teachers of Iobuna Kouba Primary School in Riga District, Central Province, are present in the Public Gallery this morning.

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

**BROADCASTING OF PARLIAMENTARY PROCEEDINGS –
STATEMENT BY THE SPEAKER**

Mr SPEAKER - Honourable Members, I have to inform Parliament that the Permanent Parliamentary Committee on Broadcasting of Parliamentary Proceedings met today and resolved that the National Broadcasting Corporation radio will be allowed to broadcast live and *EMTV*, *TVWAN* and National Broadcasting Corporation will also be allowed to telecast live the address by the President of the Autonomous Bougainville Government to the National Parliament for news purposes.

**ADMITTANCE OF THE PRESIDENT OF THE
AUTONOMOUS REGION OF BOUGAINVILLE –
STATEMENT BY THE SPEAKER**

Mr SPEAKER – Honourable Members, I inform Parliament that the President of the Autonomous Bougainville Government, Grand Chief Dr John Momis, is in the precincts of the Parliament.

With the concurrence of all honourable Members, I invite the President to be seated on the Floor of the Parliament.

With the concurrence of the Parliament, the President of the Autonomous Bougainville Government, Grand Chief Dr John Momis, was admitted into the Chamber.

Mr SPEAKER - On behalf of the National Parliament, I welcome the Grand Chief, Honourable Dr John Momis, President of the Autonomous Bougainville Government to the Parliament.

Dr JOHN MOMIS (President – Autonomous Bougainville Government) – Thank you very much, Mr Speaker.

Mr Speaker, I must first thank you for providing me with this opportunity to address this National Parliament.

02/03

My thanks also goes to the Minister for Bougainville Affairs, Sir Puka Temu, and the Prime Minister, Honourable James Marape, for their roles in initiating the idea of my addressing the National Parliament, and the Prime Minister addressing the Bougainville legislature (which is expected to occur within the next two weeks).

These two addresses are being made just three months before the holding of a referendum for Bougainvilleans on the future political status of Bougainville. The aim is to ensure that the members of both legislatures will hear about the main issues about key aspects of the referendum.

As some of the members here today will be aware, I was a member of this Parliament for most of the 33 years from 1972 to 2005. So I feel at home being present here with the current members of this House.

I must first briefly survey aspects of the complex history of Bougainville's relationship with PNG, and the origins of the conflict between Bougainville and PNG and the peace process that began in 1997 and ended the conflict.

I need to present such a survey because many members of this House will not be familiar with it. After all, it is now more than 22 years (and four National Government elections) since the beginning of the peace process that ended the Bougainville conflict.

The requirement that there must be a referendum on Bougainville's political future, which must include independence for Bougainville, is contained in the Bougainville Peace Agreement. But in addition, that Agreement has been given effect by provisions of the PNG *Constitution*. I emphasise here that it is provisions of the *National Constitution* that were inserted early in 2002 which require that the referendum be held.

You may ask why there is such a strong interest in independence on the part of so many Bougainvilleans. The origins of that interest go back at least as far as the early years after World War II, and probably began with resentment of the colonial administration's neglect of development of Bougainville. Then in the mid-1960s came the massive change brought to Bougainville by the copper and gold mine which began operating in 1972 by BCL. There was widespread resentment of the imposition of the huge mine by the colonial regime, in partnership with BCL's parent company, the mining company Conzinc Riotinto Australia.

In particular there was resentments of the very low levels of land rents and compensation that were going to be paid to local landowners. It was no coincidence that in 1969 Bougainvillean students at UPNG called for a referendum on Bougainville's independence, and that a Bougainvillean member of the colonial legislature (the House of Assembly) moved a motion in the House in 1971 calling for such a referendum.

During the mid-1970s, the demand for Bougainville's independence became stronger as PNG as a whole headed for independence for the country. The educated leadership amongst Bougainvilleans became spokesmen for independence when the mine began operating in 1972 with very little of the mine's revenue flowing to Bougainville.

Disagreements on the share of mining revenue came to a head in talks between Bougainville leaders and the National Government in mid-1975 and were probably the most important issues behind Bougainville's initial unilateral declaration of independence made on 1 September, 1975.

03/03

There was another important reason for the support for independence. It concerned the role of decentralisation in the independence Constitution. I was the deputy chairman of the House of Assembly's Constitutional Planning Committee (the CPC), and had played a role in developing the CPC's decentralisation proposals. Those proposals were to a significant degree intended to be a response to Bougainvillean demands for independence. If Bougainville had a constitutional right to a strong and autonomous provincial government, it would then be free to make its own decisions about managing development in Bougainville, and would not need to consider independence. But in July 1975, in the course of debate about the then draft *Constitution* in the colonial Legislature, the National Government deleted the decentralisation provisions from the then draft *Constitution*.

The deletion of these constitutional provisions contributed to a widespread view that Bougainville would be better off as an independent country. I was then one of four Bougainvillean members of the House of Assembly (which on independence became the National Parliament).

I resigned from the Parliament in mid-1975 in support of the position of the Bougainville leadership, and later in 1975 I was one of two Bougainvilleans whom the leadership sent to the United Nations in New York in what turned out to be an unsuccessful effort to gain support for Bougainville's demands for independence.

When it became clear that there was no international community support for Bougainville's independence, the Bougainville leadership negotiated with the PNG National Government. By July 1976, agreement was reached on putting the decentralisation provisions back into the Constitution, leading to early recognition of the North Solomons Provincial Government.

The issue about Bougainville's share of mining revenue was resolved by agreement that mining royalties previously received by the National Government would in future be paid to the North Solomons Provincial Government. Initially, Bougainvilleans had high expectations of the provincial government system. The North Solomons Provincial Government became the best-run provincial government in PNG. But as time went on, it became clear that the Provincial Government did not have the powers to deal with many aspects of the situation in Bougainville. In particular, it could not deal with land, mining, or freedom of movement of people from other parts of PNG into Bougainville. Further, members of a new generation of people from the mine lease areas and nearby parts of Bougainville were increasingly concerned about the very small share of mine revenue received by landowners. A loose coalition of Bougainvillean interest groups developed from the mid-1980s. It included:

- Younger generation mine lease landowners;
- The Arawa Mungkas association;
- Pressure groups in Bana and Siwai;
- The Damien Dameng-led indigenous political and religious movement called Me'ekamui Pontoku Onoring.

Francis Ona emerged as the spokesman for this coalition, which by 1987 to 1988 was trying to get the National Government and BCL to listen to their concerns. In November 1988 members of the Bana Pressure Group used explosives to destroy powerlines which carried power for the mine from the power station on the east coast. This action was intended to get

the National Government and BCL to take up negotiations with the disgruntled Bougainvilleans. But the National Government and BCL regarded the issue as a law and order problem, and the Police mobile squad were brought in. The mobile squad unleashed indiscriminate violence on people from the mine lease areas.

04/03

This violence ensured strong support developed for Ona and those who were with him. Independence became one of the main demands of the Bougainville Revolutionary Army (BRA) which was established in mid-1989, headed by Francis Ona. Then the almost nine years of conflict followed.

No one knows how many lives were lost during the conflict. They included at least several hundred killed in armed conflict, many extra-judicial killings, and many who died because of lack of medicines and services because of an air and sea blockade of Bougainville that operated between 1990 and 1994. These deaths fuelled support for secession from PNG amongst many Bougainvilleans.

However, at the same time, the conflict was complicated. Opposition to PNG was not uniform. Numerous Bougainvilleans opposed the BRA and supported PNG. Armed groups fought on the side of PNG. They were called the Bougainville Resistance Forces (BRF). When the peace process began in mid-1997, much of the initial effort was directed towards dealing with these differences amongst Bougainvilleans.

The peace process has been remarkably successful. It is now recognised around the world as one of the best processes in the last 25 years. The Peace Agreement was a joint process between Bougainvilleans and the National Government. The role of the National Government was very positive. Key roles were played by a succession of Ministers for Bougainville Affairs, including Sir Moi Avei and Sir Peter Barter. Together the two sides created something new that has created wide interest amongst people that study conflict and peace processes. Contributions did not come from the minister for Bougainville Affairs. The whole of Parliament played a vital role when it came to passing both the amendments to the *Constitution* and the Organic Law on Peacebuilding in Bougainville that gave effect to the Peace Agreement.

The peace process began in July 1997 with a meeting in New Zealand of leaders of the opposing Bougainvillean factions. Then in October 1997 the Bougainville leaders met with PNG leaders, again in New Zealand. They agreed on a truce and on establishing an unarmed

regional Truce Monitoring Group led by New Zealand. Then in January 1998, again in New Zealand, the leaders agreed on a ceasefire, and on inviting the United Nations to provide an observer mission.

When the ceasefire came into operation in April 1998, the regional truce monitoring group became the unarmed Australian-led Peace Monitoring Group. In these early stages of the peace process, a lot of attention was given to the tensions amongst previously opposed Bougainville groups, especially the BRA and the BRF. Only when Bougainvillean leaders were able to work together was it possible to work towards a political settlement to the conflict, with the previously opposed Bougainville leaders negotiating as a combined group.

There were, however, some Bougainvillean groups that refused to join the peace process. The former BRA leader, Francis Ona, and some elements of the BRA claimed that Bougainville was already independent under a Unilateral Declaration of Independence made by Ona in May 1990, and never joined the peace process.

05/03

However, those supporting Ona were a small proportion of the BRA, and as a result it was not possible for them to challenge the peace process with violence.

Eventually, peace talks directed to achieving a political agreement to permanently end the conflict began in June 1999. The negotiations continued for more than two years until August 2001.

The Bougainville Peace Agreement has three main pillars.

- (1) Autonomy for Bougainville;
- (2) Weapons disposal by Bougainville factions and withdrawal of PNG forces from Bougainville; and
- (3) A referendum on independence for Bougainville.

The Peace Monitoring Group remained in Bougainville until mid-2003. Amongst its many important contributions for the peace process, the Peace Monitoring Group played a major role in the early stages of the weapons disposal process.

Weapons disposal was the first part of the Peace Agreement to be implemented because it was recognised that if weapons remained in Bougainville, it would not be possible to hold free and fair elections for the proposed Autonomous Bougainville Government. The UN observer mission remained in Bougainville until June 2005 and also played a significant role in the weapons disposal process.

The provisions on autonomy were the second part of the Peace Agreement to be established. Work on this began in 2002 with the establishing of a Bougainville Constitutional Commission that consulted widely amongst Bougainvilleans to develop a draft Constitution for the Autonomous Bougainville Government (ABG).

The Commission took almost two years to prepare a Constitution, which was adopted by the combined Bougainville leadership in November 2004. Elections for the ABG were held in mid-2005 with the ABG being established in June 2005.

Each of the three pillars to the Agreement plays a significant role in reconciliation between the National Government and Bougainville.

The Agreement itself highlights the fact that the autonomy arrangements and other aspects of the Agreement are intended to assist in building a new relationship between Bougainville and the nation as a whole;

The ABG and other arrangement for Bougainville Government are intended to end institutional divisions and encourage cooperation among Bougainvilleans.

The weapons disposal plan is intended to remove a major factor contributing to conflict within Bougainville and between Papua New Guinea and Bougainville.

The Agreement also states that the actual signing of the Agreement is intended to be a symbol of progress in reconciliation

The referendum on independence for Bougainville is the third pillar of the Peace Agreement. It is being held in accordance with the Agreement from late November to early December. The Agreement requires that the referendum be held no earlier than ten years after the ABG was established, and no more than fifteen years after it was established.

The provisions for autonomy and referendum are not only contained in the Peace Agreement. More importantly, they are provided for in the PNG *Constitution* in a new part inserted into it by amendments made in March 2002.

I repeat that the referendum arrangements are provided for by the *Constitution*, so implementing the referendum involves implementing the PNG *Constitution*. Refusal to hold the referendum would have resulted in a breach of the *Constitution*.

The provisions of the *Constitution* state that the referendum must be held, but do not provide for the referendum outcome to be binding. However, neither PNG nor Bougainville can just ignore the outcome of the referendum. This is because the *Constitution* requires that after the referendum the two governments must consult on the outcome, and subject to that consultation, the outcome of the consultation must be forwarded to the Parliament.

The Peace Agreement is clear that the Parliament has the final decision-making authority in relation to the referendum outcomes. It may not be widely realised that the two governments have been consulting about the arrangements for the referendum for more than three years. This consultation has been necessary because the Peace Agreement and the *Constitution* do not provide for all aspects of the referendum arrangements.

06/03

Some important matters were left to be agreed between the governments closer to the holding of the referendum. A few key aspects of the arrangements were left till later and have been the subject of recent agreement between the two governments.

These matters include:

- The body to conduct the referendum, where the decision was to establish an independent Bougainville Referendum Commission (BRC);
- The chair of the BRC, in respect of which the decision was made to appoint an independent person of international standing, namely the former Prime Minister of the Republic of Ireland, Honourable Bertie Ahern;
- The criteria for non-resident Bougainvilleans to enrol to vote;
- The question to be asked in the referendum, where the decision of the two governments was to ask voters to choose between independence and greater autonomy;
- The date of the referendum, where the most recent decision of the two governments is for voting to be held from late November to early December.

The two governments have consulted on each of these matters because the *Constitution* required that to occur.

I need to commend the previous Prime Minister, Mr Peter O'Neill, and his Minister for Bougainville Affairs, William Samb, for the progress made in reaching agreement with Bougainville on all of those matters.

With the arrangements for the referendum in place and the Bougainville Referendum Commission working hard to prepare for the referendum, the key thing left to the two governments is to consult on how the situation after the referendum will be handled. For a start, there is little faith amongst Bougainvilleans about the current autonomy arrangements. In large part this is because of the National Government's treatment of Bougainville in the 14 years since the Autonomous Bougainville Government was established.

The most significant issue here is the Restoration and Development Grant, which is one of the two main grants payable annually to the ABG by the National Government. In most years since the ABG was established, the National Government has paid the ABG a fraction of what the Constitutional Laws say the ABG should receive. Then for this year, 2019, there is no provision in the National Budget for payment of the restoration and development grant. Without the proper payment of this grant, the ABG can do very little to improve services and provide infrastructure in Bougainville.

The problems with this grant have contributed to a growing sense of frustration amongst Bougainvilleans with the autonomy arrangements.

The reason why Bougainvilleans agreed to the autonomy arrangements in the Peace Agreement was that they wanted their own government, one that would be empowered to solve the problems of Bougainville and manage our own affairs and work to realise their aspirations. This is stated in paragraph 4(b) of the Peace Agreement.

But without the funding agreed to in the Peace Agreement and the Constitutional Laws give effect to it, we cannot manage our own affairs. This is a source of great frustration to Bougainvilleans.

It is still not too late for the National Government to pay the 2019 Restoration and Development Grant. To do so would significantly reduce the frustrations of Bougainvilleans with the grant and perhaps open their minds more to the possibility of remaining a part of PNG.

As I have already noted, the provisions on the referendum leave the outcome to be negotiated between the two governments with the National Parliament having the final say on what happens. This means some time will be needed after the referendum to negotiate and decide what happens next.

The objective of the National Government should be to win the hearts and minds of Bougainvilleans. We need agreement on a common framework that convinces the people. The essence of what our people want is still empowerment of a Bougainville government that can truly manage their own affairs.

07/03

It is a matter for the National Government to work hard to convince Bougainvilleans that greater autonomy can empower a Bougainville Government in the way that satisfies our people.

The outcome of the referendum must be negotiated. This means that there will need to be a process that provides for give and take on both sides. For many Bougainvilleans it has been a shock to find that the Peace Agreement does not provide for the vote in the referendum to be binding but that is what was negotiated in the Peace Agreement. There is a need for consultation between the governments following the referendum. The people will need to be prepared for a negotiated outcome.

I believe that if we are engaged in a process and acting in good faith then the outcome can be something that is acceptable to all. But if we enter the process with negativity it will not be possible to reach an acceptable outcome.

The Peace Agreement envisages a joint approach by the two governments. Whatever the outcome it must be both peaceful and mutually acceptable. A good process will lead to a good outcome whether that involves independence or greater autonomy. We can negotiate about the outcome but maintaining peace is non-negotiable.

Both governments must be prepared to negotiate in good faith whatever the outcome. They must be ready to negotiate hard with the aim of getting an outcome that is acceptable to both sides.

Mr Speaker, the aim of any referendum is to determine what the people think about important issues. So the key thing that must be taken into account in the consultation after the referendum will be the numbers of people that vote for each option; independence and greater autonomy. If there is an overwhelming number voting for one option or the other, that fact will have to be taken into account by the National Government as it determines its position for the consultation on the outcome. The National Government cannot just ignore the results of the referendum. It must take account of the wishes of the people as it engages with the ABG about the outcome.

I think that the focus of our discussions after the referendum should be to negotiate the nature of the new relationship between Bougainville and PNG. Simply put, the options available in the referendum are choices between different kinds or levels of relationships between the two governments.

Just as we did when negotiating the Peace Agreement, the National Government and Bougainville now will have the rare privilege of developing something new. Whether the agreed outcome is independence or greater autonomy, it will be significantly different to the current arrangements for governance in Bougainville. Because of the history of the two sides

creating something new, we should not be afraid. Together we can confidently explore the new relationship.

Mr Speaker, I should mention that there is no provision for facilitation of the negotiations that will follow the referendum. Although that is the case, there may be a useful role for a facilitator. Sometimes a respected person who is independent of the parties, but respected by them, can help the parties reach an agreement. In this case, it can be expected that the negotiations will be difficult and a facilitator may play a useful role.

Mr Speaker, I must also mention here that weapons disposal remains an important issue in discussion of the referendum.

08/03

This is not because the Peace Agreement makes weapons disposal a pre-condition for the holding of the referendum - for there is no such pre-condition. The Peace Agreement and the PNG *Constitution* say that whether the original weapons disposal plan in that Agreement has been completed is a matter to be taken into account by the two governments when they are setting the date of the referendum. But the UN-supervised weapons disposal process from 2001 to 2005 was declared complete by the UN even though it was well known that there were weapons outside the process.

Notably, these weapons include those held by the former BRA elements that supported Francis Ona when the peace process began. They are known as the Me'ekamui Defence Force (MDF). There has been a major focus by the ABG to get the remaining weapons contained well in advance of the referendum. We have had good progress in negotiations between the former BRA and BRF on the one hand and the MDF on the other hand. The result has been verification of weapons held by the MDF personnel with the total so far being 162 factory-made weapons and 99 home-made weapons.

The MDF and the former BRA and BRF recently signed an agreement to dispose of all of these weapons by 1 September, after which any weapon held by any person without a licence under the PNG *Firearms Act*.

The reason why the MDF are ready to dispose of their weapons is that they have been convinced that the referendum is going to be held and that the continued presence of weapons could result in the referendum not being declared free and fair by observers of the referendum.

Mr Speaker, while the Bougainville Peace Agreement is held in high regard by students and practitioners of peace processes around the world, the process will not be complete until the negotiations about the referendum outcome have been completed and implemented. Both governments must be ready to continue their cooperation and work to avoid any renewal of conflict. The two governments need to work together. They have the rare privilege of together attempting to develop something new that will contribute to continued peace.

Just as the Peace Agreement was a remarkably successful set of arrangements, we now have the opportunity to again develop something new extraordinary.

Mr Speaker, Prime Minister, Ministers and Members of Parliament, I believe we now stand at the threshold of a new socio-economic political and moral order in Papua New Guinea.

09/03

I now ask all Members of this Parliament and Members of House of Representatives in Bougainville to have the courage and the commitment to collaborate to craft a new solution that will give permanent peace.

Finally, Mr Speaker, I thank you for the honour and the opportunity to address this Parliament today.

(Applause in the Chamber)

Mr SPEAKER – Honourable Members, the President of the Autonomous Bougainville Government will now retire.

QUESTIONS

Bring Back 'Eye-in-the Sky'

Mr THOMAS PELIKA – Thank you, Mr Speaker. My question is directed to the Minister for Police but before I do so, I wish to congratulate Honourable Marape and all the new ministers in the new government.

Mr Speaker, when I was Minister for Police I bought a helicopter for the department which was dubbed as the 'eye-in-the-sky.' This helicopter is no longer in operation.

Can the Prime Minister take note of this concern? We talk about taking back Papua New Guinea but we achieve unless we contain the law and order issues.

Can the Police Minister explain why the helicopter is no longer in use?

Mr Speaker, law and order must be restored because there is a lot of car theft going on. To bring back the confidence of the people we need to bring back the police helicopter so it is flying at night. If you don't want to then give that helicopter to me now so that I can fly to my village.

Thank you.

Mr BRYAN KRAMER – Mr Speaker, I acknowledge the question by the Member for Menyamya.

Firstly, the Member has claimed that he bought the helicopter. I don't know how Members of Parliament can have that kind of money to purchase helicopters. I think the government -

Mr Thomas Pelika – Point of Order! Some Ministers can do it, others just loaf around and do nothing.

Mr SPEAKER – Honourable Member for Menyamya, when you call a point of order, the Chair has to acknowledge you before you proceed.

Mr BRYAN KRAMER – Thank you, Mr Speaker. In the past, governments managed the country's funds well when you were a minister, therefore, you were able to buy that helicopter. Today, we have been experiencing problems with shortage in funds to provide medicinal drugs, paying out DSIP funds, building of classrooms –

Mr Thomas Pelika – Point of Order! It is a simple question that requires a short answer, however, the Minister going around in circles.

Mr BRYAN KRAMER – I want to highlight the issues so that you will be fully aware. You asked why there is no helicopter. The reason is because there is no money.

Mr Speaker, according to information I received, the helicopter is in need of repairs.

The immediate concern of police is not on spending millions on helicopters. The concern of the new government which we have now is for the welfare of the policemen and women.

It is true we that law and order problem is the number one issue in the country, and corruption is the number one problem. We have corruption in the highest house which trickles down to the grassroots people and those roaming around on the streets.

Mr Thomas Pelika – Point of Order! –

Mr SPEAKER – Honourable Member for Menyamya, this is the third point of order and it seems that you want to debate.

Minister for Police, go ahead and answer the question.

Mr BRYAN KRAMER – As I said, there is no money to maintain the helicopter. Right now, the helicopter is sitting idle and I have information that parts have been stolen.

So, we will first look at law and order by addressing the welfare of the police officers and when I come to you and ask you for K1million from your DSIP to upgrade the Police Force in your district I want you to say yes only.

Thank you.

10/03

GDP Figures - Budget Framework

Mr JOSEPH LELANG – Thank you, Mr Speaker for allowing me to ask these questions. My questions are directed to the Treasurer Mr Speaker, before I ask my questions, let me congratulate Honourable Ian Ling-Stucky as the new Treasurer in the Marape-Davies government. I also acknowledge the former Treasurers who are sitting next to him for their contributions during their term as ministers for Treasury.

Mr Speaker, the National Statistical Office (NSO) under the Minister for Planning is mandated to produce the actual Gross Domestic Product (GDP) figures among other economic, social and demographic statistics. As such the NSO has produced actual nominal GDP figures up to 2016, and I presume they are now working on the 2017 and 2018 actuals.

However, the Department of Treasury is not using the NSO actual nominal GDP numbers. Rather, they continue to use their own calculated nominal GDP estimates for the

years 2015 and 2016 to frame the medium-term fiscal strategy, and the fiscal anchors that are stipulated in their *Fiscal Responsibility Act*

Mr Speaker, this fact is very alarming and as Minister responsible, the Treasurer will need to determine which national account figures he is going to use to frame the 2019 Supplementary Budget, which I presume will be handed down next week, as well as the budget strategy papers for 2020 Budget and beyond. The estimates by Treasury and actual nominals by the NSO have always being claimed by him as fake.

We all know that the new Treasurer is very passionate about the issue of fake numbers and fake budgets, so my questions are as follows;

(1) As the new Treasurer, are you going to use the NSO actual nominal GDP figures for 2015 and 2016 or continue with the Treasury's estimates which you once described as fake?

We know fully well that the GDP is the heartbeat of the Budget and is used in framing the Budget. You should also be aware that if you still use the Treasury estimates to frame the 2019 Supplementary Budget and all budgets that will follow, then you will be branded as a hypocrite.

Thus, the government's fiscal anchors, medium-term fiscal strategies, debt to GDP ratios including the 2019 Supplementary Budget you present next week has and will be framed on the back of the 2016 Treasury estimates of the national accounts.

(2) As the new Treasurer, can you inform this Parliament your position on whether you will use the Treasury or NSO numbers?

(3) If you choose not to use fake numbers cooked up by the Department of Treasury to frame up further fake budgets, are you bold enough to overhaul these important government documents in the strategies that are contained therein that were used to guide the framing and implementation of annual budget strategies since 2017 and going forward to 2021?

Finally, Mr Speaker, getting the GDP right is critical because it is the pinnacle of the Budget framework. Everything else will depend on that.

The difference between NSO and Treasury's estimate is an average of K2.5 billion, with Treasury's figure on the high side.

(4) Will you use the fake Treasury's nominal GDP estimates to frame the 2019 Supplementary Budget?

What is your position now that you are in the driver's seat, Mr Treasurer?

Thank you, Mr Speaker.

Mr IAN LING-STUCKEY – Mr Speaker, I would like to thank my colleague and I presume the new Shadow Treasurer for his series of very good questions. They are excellent questions that I expected from the Shadow Treasurer, which deserve excellent answers.

Mr Speaker, the concerns raised by my good colleague are the same concerns that I raised so passionately when I was the Shadow Treasurer.

11/03

Whether I will be using NSO figures or Treasury figures, my position is very clear. Being in the job for just three days, one of the first instructions I issued was for the establishment of a special project team that comprises of key staff from the Treasury, National Planning and Monitoring and Finance departments as well as other former public servants that we consider to be important.

Mr Belden Namah -Point of Order! As the former Shadow Treasurer, you should have been well prepared going there and taking up the Treasurer's job. So, he should answer the question and not beat around the bush.

Mr SPEAKER – Honourable Member for Vanimo Green, the Treasurer is in the process of responding.

Mr Treasurer, please go ahead.

Mr IAN LING-STUCKEY -Thank you, Mr Speaker. These issues are quite complex and they need to be explained. I appreciate the concerns raised by the Member for Vanimo Blue, sorry, Vanimo-Green, but if he can be patient, I will get over it quickly.

(Laughter in the Chamber)

Mr IAN LING-STUCKEY - As I said, after three days on the job, we have established a special projects team and as I speak, they are having their first meeting this morning on the 5th floor of Treasury. We are conducting a seven-day due diligence process. What that means is, the concerns that I raised as Shadow Treasurer on whether the estimates or figures are correct or not, we want to find that out ourselves. I know many sitting here today will be saying I am are using the same staff that put together those figures that I questioned. We are trying to use other staff that are independent or as independent as possible, and that was what

I was trying to say before I was interrupted. We are also trying to use advisors as well that exist within Treasury and we are going through those numbers as I speak.

Right now, we are trying to reconcile the differences between NSO and Treasury and I am confident and am advised that working through today and all through the weekend and by Monday we are going to get a fairly clear picture on which numbers we are going to use.

Mr Speaker, with that background, in response to the first two questions, my position is quite clear. We will adopt the correct figures to be used in the supplementary budget and we will not use any other figures. Those were clear instructions I received from the Government, and especially from the Prime Minister.

On the final question on what figures I will use on the nominal GDP, again, I will use the correct one. Since it's my third day on the job, give me a little time and I will respond so we will be both happy.

Funding for New District Hospitals

Mr KOBBY BOMOREO – Mr Speaker, my questions are directed to the Minister for Health and this is in relation to the policy of the previous government on establishing rural hospitals for each district. I am aware that some districts have received funds for this already to begin work on building their rural hospitals.

My questions are;

- (1) How many districts have already received funding for rural hospitals?
- (2) What criteria was used for eligibility for funding?
- (3) How many of these districts have furnished their acquittal reports to your office?
- (4) What criteria will you follow to make districts eligible for funding?

I believe I have followed the due process in applying and the application for my district's rural hospital is now in your office.

- (5) If my application is approved, when will work start on the rural hospital in my district?

12/03

Mr ELIAS KAPOVORE – Mr Speaker, I'd like to thank the Member for Tewaii-Siasi for these important questions. Firstly, improvements to the Health infrastructures comprises key components to improving service delivery. The National Health Service Standards requires the 89 districts in the country to have their own district hospitals. At the moment, Mr

Speaker, according to our records, we have only eleven district hospitals that are existing in our country out of the 89 districts. This is a challenge the department is now working on. We need to make sure that we comply with this important requirement as per the National Health Standards.

The National Government, according to our records, has also given funding for level 5 provincial hospitals in the past couple of years. They were getting funding and we did not actually receive funding for the district hospitals until 2018 when the first K50 million was allocated.

This year we have another funding of K100 million. In regard to the question raised by the Honourable Member, Mr Speaker, I can confirm that K50 million was given to various Members of Parliament last year. Unfortunately, none of the districts who received the funding last year have given their acquittals and my department is following up with the Members for those acquittals.

Mr Speaker, before I become a Minister for Health this year, there was a funding allocation of K35 million that was given to various Members. When I found out that there were no acquittals given to the department following the funding that was allocated last year, I said we need to stop here in order to review and improve the process so that more funds can be released continually.

So, we have now an agreement in place. My department knows very well the requirement for each district in the country from Level 1 Aid-Post to Level 70 FGH and the requirement for Health infrastructure.

Mr Speaker, I will be presenting to NEC the status of our Health infrastructure and the requirements that we need to comply and meet with National Health Standards. What we are doing now, Mr Speaker, is have just improving the process.

I can assure the various districts that they will be receiving the remaining funds of the K100 million that was allocated this year.

There is list in the Budget book and we need to go by that list. Unfortunately, Mr Speaker, we know that we cannot construct district hospitals with two or three million kina. As you can see today, various districts will be given that funding of K1-2 million and there will be a note put or memorandum of understanding attached to it stating the particular purpose for that funding. I will be starting off with the respective Members of Parliament who will be receiving this funding this afternoon or tomorrow when funds become available.

Mr Speaker, we need to comply with it becomes one of our monitoring requirements for my department to also follow up so that they assist the Members who receive these funds to do what is necessary as per the requirements. Therefore, they must give us a report as well.

The department is having some hard time following up on some of the Members who received these funds last year.

I want to stress again to those who received the funds last year to give the acquittals to my department quickly so that we can continue to support these areas.

Yes, nothing is hidden, we will expose all these names as our records are very clear. I want to ask our team to revisit those districts who received the funds last year to do this. We have improved our criteria and we will be signing an agreement and we need to comply with the requirements that we need to use.

Thank you, Mr Speaker.

Supplementary Question

District Hospital for Unggai-Bena

Mr BENNY ALLAN - Mr Speaker, I wrote to the former Minister for Health to include my district of Unggai-Bena under this program but I did not receive a response.

13/03

I again wrote to you last month and still have not received a response. I therefore would like to ask you to confirm if you have received my letter? If not then can you please include me in the list to get support for my district hospital?

Mr ELIAS KAPAVORE – For you, Member for Unggai-Bena, we will sign an agreement today and I think you are on the list as well. But the important thing is that we try our best to follow the list of the districts that have been identified in the Budget book that was passed in Parliament. What we have seen in the past is that some funds that were realised to different districts were not actually on the Budget books.

Unfortunately, many Members of Parliament who wanted funding are not on the list. We need to go by the Budget books that were released by Parliament last year.

University of Natural Resources – Student Boycott

Mr JELTA WONG – Mr Speaker, I direct my question to the Minister for Higher Education.

Mr Speaker, in the last two or three weeks, the students of University of Natural Resource at Vudal have gone on strike.

Can the Minister advise us if there is a report on this issue and if he can enlighten the people of Papua New Guinea, especially the parents of students on why they are not in classes?

Mr NICK KUMAN – I thank the Member for Gazelle for his question.

It is true that the students of Vudal University are on strike over a dissatisfaction of semester one results. The department through my direction have asked the council to talk to the students and get them back to classes. The students have now returned to classes.

The main result behind the strike is that the assessment that they are using at the university is not consistent with the assessment being used in other universities in the country. The department has sent in audits and the university is now co-operating with the department auditors. We are trying to assess the systems that they are using so that it does not disadvantage the students in their assessments.

Secondly, in order to improve assessment programs in all our universities, we want to have a standardised assessment which is what we call a grade point average or GPA. The vice chancellors of all the universities in Papua New Guinea with the department are now working on a standardised assessment system within the national qualification framework that was approved by the government. Therefore the University of Natural Resource and Environment will come in line with all this. At the same time students who are attending this university will continue classes for another four weeks for semester two. This is to make up for the lost time during their boycott.

14/03

We hope that when the new assessment system is in place, there will be a cross-accreditation of subjects between universities so that there is uniformity in courses that are offered. For instance, if a student from UPNG takes the same course at the University of Natural Resources, through this new system they will get accreditation and the assessed subject will be added on to their final outcome of the academic transcript.

Mr Speaker, the students are back at school and we hope that if students have grievances it's better to take it through the right channel instead of boycotting classes. In this situation they are going use the four weeks of holidays in the classroom.

Thank you, Mr Speaker.

CMCA Trust Funds – Western Province

Mr JAMES DONALD – Mr Speaker, I wish to raise a serious concern followed by some series of questions which I will direct to the Prime Minister. I would like the Minister for Justice and Attorney General, the Minister for Mining, and Minister for Police to take note as well.

The leaders of Western Province are very concerned about a dangerous situation that is about to take place right now as I speak this morning.

We are reliably informed that K58 million of Community Mine Continuation Area (CMCA), funds for the people of Western Province, are about to be withdrawn by certain individuals who called themselves, Ok Tedi Fly River Foundation. This people claim to represent the people of affected community of the CMCA region in Western Province and are not legitimate in anyway.

This CMCA trust fund is in an ANZ Bank account with total of K258, 462, 709. 35 million for record purpose. We also have Non-CMCA trust fund in BSP account total of K224, 319, 661. 66.

The withdrawal of K58 million will be from the CMCA trust fund in the ANZ Bank account and it is in the process of being drawn down as I speak. Of the K58 million, K30 million will be paid to Young and William Lawyers, the Law Firm who acted on their behalf in collaboration with the courts.

The ANZ Bank and another prominent Lawyers Ms Tiffany Twivey to gain unrestricted access to this fund. Ms Twivey has acted for the group in the past and her recent engagement as the lawyer for the State is a clear conflict of interest. The speed in which she applied to discontinue the case which was already well advanced is highly questionable.

This same group initially transferred K15 million on 4 September last year into Young and Williams Lawyers trust account after the court made ruling the to replace the State with group which am referring to, as the trustee of the CMCA Trust Fund.

Another K5 million was stopped at the BSP after the State intervened. The withdrawals are illegal and in breach of the trust deed. All parties including the relevant banks had been

fore-warned at relevant times despite the change of trustees, which was being channeled in court by the State. Any withdrawals of funds must comply with the relevant trust deed, which ensures funds are approved only for projects.

The money from the trust fund is not to be used for any individual purposes. It can not be paid out as cash payment to any groups or individuals. It is only intended for the delivery of the projects within the CMCA region. They have abused the trust deed and the *Public Finance Management Act*.

Mr Prime Minister, the trust deed I am referring is the one that you signed back then when you were Finance Minister. I hope you recall.

Mr Prime Minister, the manner in which this matter was dealt with by the court is highly questionable. As leaders of the Province we are well aware that this group who claim to represent the CMCA people is not genuine. Their actions prove that they have their own agenda and are serving their own interests at the expense of our people.

15/03

We are upheld by the actions and decisions of Court in SCA 157 and 158 of 2018. We demand that justice and fairness be upheld and justice must prevail from within the Judiciary.

Mr Prime Minister, I wish to bring to your attention some very serious facts that must be dealt with immediately. Two judges from the Western Province presided on the matter and repeatedly ruled in favour of this group. Common sense and ethics require them to disqualify themselves from presiding over the matter.

There was clear abuse of listings which was arranged to hear by these judges and not before appropriate listing judge for court tracks, a serious conflict of interest and an abuse of power. A judge even presided over the matter while his family member was involved as a lawyer, in this case there is a serious conflict of interest and potential biased decisions. Even after the State had five Supreme Court reviews to protect the State's position the administrator of the Court refused the filing of Court documents at the Supreme Court Registry and gave directive to –

Mr SPEAKER – Honourable Member for North Fly, the Chair believes that you have explained enough already. It seems that you are making a statement.

Can you ask your question to the Prime Minister?

Mr JAMES DONALD – Mr Speaker, just a little more time, I am coming to the question now.

The dispensation of justice is prescribed in the *Constitution*, the highest law. What has happened to the Western Province people's dividend funds is one of brutal abuse and biased by some authority.

I wish to ask the Prime Minister the following question:

(1) Is your office aware of this huge draw down of funds belonging to Western Province CMC people?

(2) If you are aware or not, I ask for your immediate intervention in the nation's interest to direct an investigation on this matter.

(3) Can the BSP and ANZ Banks preserve the status quo and not to make any unlawful drawdowns to the funds from the CMC Trust Fund?

(4) Can an investigation be conducted on these lawyers who represent this group and refer them to the Law Society?

(5) Can the law firms they are working for be directed to refrain from taking any further actions on the matter until after the completion of the investigation?

Thank you, Mr Speaker.

Mr JAMES MARAPE – Thank you, Mr Speaker, and the Member for North-Fly for raising this important and serious matter that needs our attention.

Mr Speaker, I was briefed on the pursuit by certain interest groups to continue to have access to what is a very large pool of fund that has been sitting there for a very long time. It is almost around K500 million and it used be a lot higher before.

As the former Finance Minister, I made certain key insertions into the trust instrument to ensure that it is safe guarded and protected from continual abuse by interested parties based outside of Port Moresby and elsewhere. This is a sad legacy to this fund that was meant to really get the Western Province up and running. There are two clear demarcated funds; one for the immediate project area and the other for those who are outside of the immediate affected areas.

Mr Speaker, it saddens me that we continue to have people with ulterior interest from everyone else and use the democracy of our *Constitution* to continue to access or try to access funds at Treasury House and Court Houses under the auspicious of doing good for our people.

16/03

Like many other provinces with resources Western Province continues to remain backwards in as far as development indicators are concerned.

Mr Speaker, as Prime Minister, let me from the outset express my total disdain. When we talk about taking back PNG we are talking about these sorts of activities proliferated by our own people, working in collusion with accountants, law firms or companies.

Let me call on the Deputy Prime Minister and Justice Minister and the Attorney General to furnish to us the reports of the enquiries made on the use of the CMCA and non CMCA funds because the Parliament deserves the benefit of that report. And secondly, set up an inquiry into why law firms have concession or access to these funds if it is outside of the trust instruments we have.

Mr Speaker, when I heard of these issues, let me advise the leaders of Western Province in particular the Member who asked the question, I also directed the State Solicitor to urgently intervene to make sure that this matter is put on hold until we ascertain exactly to what has been pursued or what has been accessed and whether they are in compliance with the trust instruments we have and they have legal entitlements to those funds.

Mr Speaker, it is immoral to have Western Province backwards when they have over K500 million entitled for developments sitting in banks, government institutions legal firms and many so-called educated people are entangled and fighting over monies that is meant to fix Western Province.

My first visit outside of the Capital was a province close to Western Province and they have their own funds sitting there and yet educated Western Province elites are collaborating with other Papua New Guineans to feast on funds meant for development of that province.

It is about time we put to shame people who continue to access these funds. I propose that the Attorney General establish a pathway. We have legitimate government bodies on the ground like the provincial governments and districts and CMCA agencies on the ground and let us access these funds so that Daru Town does not have black buckets anymore.

The National Government will add in their share of the ex-gratia component and we work in partnership to develop this province.

It really saddens me to see few educated Papua New Guineans and few Western Province elites working outside of the formal systems of government and formal mandates to access these funds as encapsulated in the trust funds established.

Mr Speaker, I don't want to push another investigation. We got too many investigations and we got too much data in our registry.

The Mining Department has been directed by the former Prime Minister to table their report on the Floor of this Parliament.

I urge all formal systems of government to properly access these funds and establish proper procurement processes.

Let us find a way out to help the Western Province leadership and by the end of this year some of these funds will go through to the proper channels of government for development.

I ask the Attorney General to see what is happening in the Court Houses and what is happening to those who filed to access these funds and put a stay order on them. If they qualify as legitimate bodies to access those funds for legitimate developments then that is okay.

These funds are to pay for hospitals, infrastructure and development but not to pay lawyers. These funding is about improving people's lifestyle.

17/03

Let me assure our good Member that our Deputy Prime Minister in his capacity as Auditor General will take charge of these matters. He will have a quick point of reference with the Court because we are concerned that this is happening and an appeal needs to be heard on who is accessing these funds and what they are being accessed for, and whether they are a legitimate body to access these funds or not. And for us together with every Western Province citizen and leader, let's come to the table and sit and find a way forward to address the accessing of this K500 million for the impact area and those other lease areas so that their lives can be improved in the process.

Thank you, Mr Speaker.

Supplementary Question

Conclusions on Inquiry Findings

Mr PETER NUMU – Thank you, Mr Speaker. Before I ask my question, I wish to thank the Chair for giving the opportunity for our delegation to go to China, especially the Member for Huon Gulf, Member for Dauilo, Member for Tambul-Nebilyer and I as the Head of Delegation. Thank you to the Chair.

On our trip to China we saw a unique feature that united China to the state where it is now with the ruling party of--

Mr SPEAKER – Honourable Governor of Eastern Highlands, your supplementary question must be relevant to the question that the honourable Member for North Fly has asked.

Mr PETER NUMU – Thank you, Mr Speaker. There are many outstanding investigation reports. I believe we have received many findings from some investigations and now the issue of the Western Province has surfaced.

Can the Minister confirm that those who are implicated are arrested and put behind bars?

I linked my question to my trip to China because there must be strong or strict guidelines in our government system such as in China. This will bring Papua New Guinea up in the way China was brought up. That's what we learnt. If we can get some people into prison, I think we will take back Papua New Guinea.

Thank you.

Mr JAMES MARAPE – Thank you, Mr Speaker. I can see how the questions links to China. It is an important question.

Our Government will do its absolute best to ensure that all previous inquiries and their reports are brought to this House, tabled and progressed.

As the reports are brought to this House, any Member of this House is qualified enough, as has been done in the past, to pick a reference on it and if we are starting a new inquiry, it doesn't stop police also from doing their jobs.

Police are on standby or duty to continue doing their job in prosecuting any matters. All inquiry findings that are progressed before us need to be progressed beyond such inquiry rather than collecting dust. So as concerned leaders in this House, if you see an inquiry brought before this House and you feel compelled to help prosecute this matter, everyone is encouraged to pick up findings from this and prosecute it.

But, on this side of the House, let me assure the Governor that any inquiry that comes to us, we will not suppress the findings. We will help prosecute the findings as we see fit and

allow police and all the relevant constitutional offices to do their jobs. I am very keen to present a few more inquiries here and allow them to reach full maturity.

In the instance of Western Province, if my memory serves me right, there is a request for an inquiry, an inquisition to be made into what has happened to the CMCA and non-CMCA funds. We will try to dig into it and get the findings tabled in Parliament for all of us to see and we all make a way forward in as far as helping our people in Western Province is concerned.

SUSPENSION OF STANDING ORDERS – EXTENDED TIME FOR QUESTIONS

Motion (by **Mr Benny Allan**) put –

That so much of the *Standing Orders* be suspended as would prevent time for questions being extended by 20 minutes.

There being no absolute majority, motion not carried.

Motion negatived.

18/03

Mr BENNY ALLAN – Mr Speaker, on behalf of the people of Unggai-Bena, I congratulate Honourable James Marape on his election as Prime Minister. Let me also commend him on a lot of good things he has announced and initiated, especially by empowering our people to create wealth. That is the best we can do for our people.

We need to provide opportunity, create wealth for our people so that the people are also living happily, whilst we Members of Parliament are going around and doing our duties as elected leaders.

On this occasion, Mr Prime Minister, may I wish you the best of the country's sunshine and God's love be upon you as you move around our country to serve your role as the Prime Minister.

My question without notice to you, Mr Prime Minister, is in regards to three different areas. Firstly, the Agriculture Park that has been proposed by the former government to be set up in the Western Highlands and Eastern Highlands. Secondly, the funding -

Mr Peter Numu – Point of Order! This Agriculture Park was not proposed by the National Government. It was an initiative of the Provincial Government. Therefore, I would like to clarify that to the Member so that the Prime Minister can respond well for the benefit of my people in Eastern Highlands.

Mr BENNY ALLAN - Mr Speaker, the Agriculture Park was worked on by the former Government. It is an initiative which came about as a relationship between two provinces; Eastern Highlands and Fujian Province of China for over the last 19 years.

My question is in relation to that and also the SPDA recently received K85 million to assist our farmers. My third question is in relation to a stadium to be built in the Eastern Highlands, which was proposed by the former Government. I think there was K5 million allocated this year to commence work on that stadium.

Mr Speaker, the Agriculture Park project has commenced and work started last month. I know the Honourable Prime Minister has given his support in that project, which is a positive sign for our people and our farmers. The Agriculture Park that was proposed for Western Highlands and Eastern Highlands will be a one-stop-shop for our farmers.

19/03

The challenge faced by our farmers is market access and also transportation. That project will provide a one-stop-shop for our farmers. It will serve the seven Highlands provinces, the New Guinea Islands and the Momase region. It is very important that the Honourable Prime Minister has given his support on that.

(1) Can the Prime Minister confirm whether the Cabinet has deliberated on the submission to have the park established or is it still going through the process?

This project is worth about K1 billion and the government has no funding support in that. The project proponents wanted to fund the project fully on their own. So, if the investor is going to invest without the support from the government, why are we waiting? We should just go ahead and support the project so that it takes off in the best interest of our farmers.

I know the Prime Minister is very supportive of that project so I just want to know when the Cabinet will approve that project and when it will be launched.

The other question is in relation to the funding received by the FPDA (Fresh Produce Development Authority). It has received K85 million through the World Bank (IFAD) – International Food and Agriculture Development. This funding was earmarked for the market for farmers.

If it is for the market for farmers, it will address the challenges that we have at the moment with the farmers relating to market access. When I was the Minister for agriculture, I proposed to them, that we should use the funding to assist our farmers. This is by way of putting up cooling facilities in Western highlands to cater for the upper Highlands region and another one in Goroka to cater for the lower Highlands and one in Lae to cater for the Momase region and the Highlands produces coming down to Lae. Another one is to be established in NCD and that has been our challenge for many years. This funding is purposely for creating market access for our farmers.

(2) As the Acting Agriculture Minister, can you direct them to put up these cooling facilities so that it will address many challenges that our farmers have faced over many years. And I want to also thank you for coming to Goroka to open the K20 million FPDA office last week Friday.

You also announced that your Government will give K200 million to our farmers and I think it is a good thing to do and it is sending a positive signal to our farmers, in terms of empowering people to create wealth for them.

Mr Speaker, my third question relates to putting up a high-altitude stadium in Goroka. This was proposed by the former Prime Minister and funding has already been appropriated in the 2019 Budget for K5 million to do planning and design for that stadium. I think it is important that we put up a stadium in Goroka. Goroka weather is the best in the world and we need to put one stadium for high altitude training for our sports personnel.

(3) Can the the Prime Minister tell the people of Eastern Highlands and the rest of the country that the 2020 Budget will include funding for the construction of the stadium in Goroka?

Mr JAMES MARAPE – Mr Speaker, I thank the good Member for Unggai-Bena for his questions. On the Agriculture park, let me assure the Member that it is a program that our Government will consider. I thank the leadership from Eastern Highlands led by the

Governor, as well as the Members and the previous government who ensured that we have this agricultural park.

As you know and it is no secret, my government's greater focus is on agriculture. We want to be totally food sufficient by 2025, in terms of foods that we can grow in the country that we are currently importing, for instance beef, lamb, rice and others.

20/03

Every year, there's a capital flight of over K3 billion going out because we are importing these foods which we can grow in our country. Our result is very important, the aim and objective of our government to encourage our economy to really pick it up and get it entrenched, going into the future starting with 2020 allocations of which I have made indication where Treasury and Planning and Finance will confirm on the numbers that I gave an indications to a magnitude of K200 million a year to incubate real farmers who are out there already in their area of Agriculture in all parts of our country. That is something that we intend to look at and develop a fully workable program going to the future. But, coming home to the Agriculture Park, it is a designated special economic zone our Cabinet has approved and already included 17th or 18th special economic zones in our country that should be geared towards attracting investors and investments in those zones.

I look forward to a program where Government doesn't spend so much on being partners but on giving the right incentives - and the private sector comes in and they invest. We give incentives in the area of tax, we give concession in the varying areas of duties, etcetera cetera and allow for those in the private sector to come in. And we are pointing private sector investment in areas of Agriculture, sustainable downstream Forestry and sustainable Fisheries.

The partnership can be made by provincial governments, districts, and local land owners who hold rights to land.

So, we are encouraging our regional economy to grow and provincial governments and districts and local land owners are encouraged to find investors, partner them and put them into those specialized economic zones. One of which will be the Goroka Park as I speak which Agriculture be an anchor industry in the zone.

So, Mr Speaker, let me assure the good Member for Unggai-Bena that what was part of his tenure or time as Agriculture Minister in partnership with Eastern Highlands leaders will not be thrown out.

Our Government stands not to throw out the good side of the previous and past government's policies. But, we also stand to filter off in the context of budget space we have, projects that will not have any economic return in the immediate term.

And so, in the context of that statement, let me put to the good Member, we will look into the new higher performing stadium for higher altitude if it is relevant for the Economy next year.

In the context of the greater discussion on what is affordable, what is immediate priority for us, you know money is abundant in heaps and bound for us as I speak in 2019 and 2020.

Growing our Economy is our first and foremost priority whilst maintaining current specific mid areas in the social sectors, Health, Education, and Law and Order. So, I propose to this house while answering his question. For those of us who bring submission to the National Planning, you must link that proposal to Economic outcome. What is it? Will this road achieve growth in our economy? Will this stadium achieve growth in our economy? Will this wharf achieve growth in our economy?

That is something that our National Planning and Treasury have been asked to look. Every proposal that come to us must have an Economic rational. Instead of proposals that come to us consumes quiet a substantial chunk of a money and has no direct economic returns to the economy. Growing the economy will be rational, our investment in infrastructures and these are something that I am finding out and something that will be part of PANGU Party Blue print and reason as we have discussed it before the nation on the phase of the Independence celebration this year.

So, answering your third question on the Goroka stadium, whilst it's important, we'll give it in that context. We will see, if it is affordable in the 2019 Supplementary Budget or in the 2020 Budget preparation. In the context I have is no luxury to discuss that. I haven't discussed with the Planning Minister and the Treasurer and the Finance Minister in as far as how we could tie the 2019 Budget and prepare for 2020 programs. They are important but, we have to do it in the context of total appreciation of the Economy and our budget going forward.

So, there might be some small areas in budget that we might need to defer back whilst the focus on arresting the Economy and invest in areas that could be jump-start or increase or could have a positive impact in our economy going forward.

21/03

On the issue of the K85 million and the Fresh Fruit Development Agency, I will ask the Department of Agriculture to look into it. We will support the program in ensuring that access to market is mobilised for our farmers in areas like Goroka, Mt Hagen, Lae and other areas where agriculture can be easily uplifted and mobilised. We will ensure they are given great support so that we can satisfy our growing population in urban areas that are in need of food.

For instance, Port Moresby alone has an annual food consumption demand of about K2 billion therefore this market needs to be supplied. The producers in the Central Province, the Highlands or the Goilala can supply Port Moresby. Access to markets is something we are looking at very closely.

I have proposed the idea that the Defence Force aircrafts be completely re-fleeted so that they can be engaged in some of these civil activities of bringing produce into the markets. Those are some of the things we will be doing going forward, but I will link up the Fresh Fruit Development Agency to ensure that the K85 million allocated is fully realised and its intentions are achieved.

Mr Speaker, let me assure the Parliament that the Goroka Park project is something that we will not abandon. We will try our very best to minimise Government investment but provide incentives for the private sector to come in and invest in those specific zones so that we increase business.

Thank you very much.

Sitting suspended from 12.40 p.m., to 2 p.m.

22/03

**NATIONAL AIRPORT CORPORATION –
AUDITED ANNUAL FINANCIAL STATEMENTS, 2012 - 2017 –
PAPERS AND STATEMENT – MOTION TO TAKE NOTE OF PAPER**

Mr LEKWA GURE (Rigo – Minister for Civil Aviation) – Pursuant to statute, I presented the following papers:

(i) *National Airports Corporation Annual Report,*

(ii) *National Airport Corporation Audited Annual Financial Statements, 2012 -2017.*

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

Leave granted.

Thank you, Mr. Speaker. I thank you for allowing me to present the 2012 to 2017 Audited Annual Financial Statements of the National Airports Corporation (NAC) to Parliament.

Mr Speaker, before I do by way of explanation and so that we are not seen to be making a mockery of the intelligent of the Honorable Members of this House. This report was signed off and management issues surface so nevertheless the spirit of the statement and contents thereof are still valid and true

Mr Speaker, I took over as the Minister for Civil Aviation in May 2019, under the O'Neill Government and continue as the Minister under the current Government led by the Honorable Prime Minister, James Marape. The previous Government led by the Honorable Peter O'Neil issued their Statement of Expectations through the then Minister for Civil Aviation, Honourable Davis Steven in 2016 under the theme, "Managing Present Challenges and Rethinking the Future".

It was not long, when my predecessor, colleague and outgoing Minister for Civil Aviation Honourable Alfred Manase, then took the Ministry in 2017, as Hon. Davis Steven was appointed to take the Ministry for Justice & Attorney General. I commend both Ministers for their tremendous contributions and efforts in supporting NAC to reach milestone achievements.

Mr Speaker, the expectations of our people and the Government in respect to NAC and other State-Owned Aviation Enterprises are embodied in the;

- 1) National Goals & Directive Principles in our National *Constitution*;
- 2) *Civil Aviation Act 2000* (as amended);
- 3) National vision and strategic planning documents including the National Transport Strategy.

Leaders in the Aviation sector including members of the board of NAC are expected to be familiar with the constitutional vision and the legislative and policy framework in which we operate.

Mr Speaker, in focusing on the NAC, Government expects NAC to be an entity that is positioned and resourced to contribute to:

(1) enhancing safety, security, efficiency and service quality in the civil aviation system in a sustainable manner;

(2) facilitating access to the air transport network;

(3) ensure that NAC sets and adheres to the highest standards of corporate governance.

To this end, I expect compliance with the *Civil Aviation Act 2000* (as amended), *Companies Act 1997* as well as other relevant legislation and legal instruments including international conventions and government policy including the National Transport Strategy and the overall Government 2050 Strategic Vision Documentation and;

23/03

Maintain regular and punctual reporting standards. I expect that the NAC keeps me, the Secretary of Department of Transport and Infrastructure and the Chief Secretary fully informed of NAC's actions in relation to the initiatives and activities stated below. And to alert me on events or issues that may impact on the operations of NAC, through the provision of timely board reports and quarterly reports of progress against the NAC's 2030 Growth Strategy.

Mr Speaker, before I table the NAC's Audited Financial Statements for the years 2012 to 2017, I would also like to provide a brief overview of the NAC and its journey to date including the massive transformation the organisation is currently experiencing under the recently appointed Board and MD/CEO.

Mr Speaker, the NAC was registered in 2008 as a separate company out from the former Civil Aviation Authority (CAA) of Papua New Guinea. The NAC is responsible for the provision of safe, secure and reliable airport infrastructure, facilities and services.

It is also responsible for the smooth and seamless facilitation of passengers, cargo and aircrafts across its network of airports. The NAC operates, develops and maintains 22 national airports throughout the country as listed in Schedule 1 of the *Civil Aviation Act* (as amended) including the Jacksons International Airport in Port Moresby. The NAC has a total workforce of 650 employees.

Challenges

Mr Speaker, since its inception the NAC has been addressing aging airport infrastructure such as runways, taxiways, aprons, terminal buildings and other facilities and equipment throughout the 22 airports with the assistance of key development partners – ADB through the Civil Aviation Development Investment Program (CADIP), JICA through the

Nadzab Airport Redevelopment Project and the Governments of Australia and Papua New Guinea.

Issues

Mr Speaker, sustainable growth has been severely affected by legacy issues of the past and bad practices including;

- i) poor processes, systems and internal controls,
- ii) lax financial management practices,
- iii) poor procurement practices,
- iv) lack of strategic direction,
- v) bad corporate culture,
- vi) poor people management practices leading to low staff engagement levels and
- vii) constant changes at the Board and CEO levels including the court proceedings between the previous Boards and disharmony among the members.

All these affected the company both financially and operationally and resulted in the organisation having a high number of outstanding and unresolved safety and security issues at most of the regional airports as identified by the Civil Aviation Safety Authority of PNG (CASA) in its audits.

This presented a substantial risk to airline operators and the traveling public. The Jacksons International Airport was the only airport operating with a full 5-year Aerodrome Operating Certification (ADOC). The rest of the 21 regional airports had either a 3 year or a 12 month ADOC.

Mr Speaker, prior to 2017 and before the changes to the Board and Management, NAC had a bank balance of K10m, was fully dependent on an ANZ overdraft (OD) facility and had a cost to income ratio of over 100 per cent. The OD facility was even used to service the organisations bank loans. The Bank was forced to bring in a team of international financial experts from Singapore to carry out a Financial Risk Assessment on NAC. An independent report from KMPG also highlighted the serious financial situation that existed in NAC. The company was basically insolvent.

Expectations

Mr. Speaker, the journey for NAC was not an easy one, there were issues at the board and management levels that cascaded down to the entire organisation. There was no proper Board and thus, no clear guidance and strategic direction from board to management.

The delays in the presentation of the organisation's annual reports including its annual financial statements is a result of the turbulence the NAC had gone through since its inception in 2009.

Mr Speaker, to address these serious issues, the former Minister for Civil Aviation in 2016 issued the Government's Statement of Expectations to the previous board and management of the NAC for immediate action and implementation.

24/03

The theme of the Statement of Expectations "Managing Present Challenges and Rethinking the Future" covered eight critical issues the Government required urgent action on including the following;

- (i) APEC 2018 preparations,
- (ii) improvements to HR management and settlement of outstanding HR issues,
- (iii) improved corporate culture and development of strategic document,
- (iv) effective consultation with all stakeholders in airport operations and development projects,
- (v) effective engagement with government to support transport policy, aviation white paper, Airports Act, rural air transport and airport land use policy,
- (vi) meet requirements of Civil Aviation Act and improve compliance to ICAO and CASA PNG certification and IATA service standards,
- vii) airport safety and security strategy,
- (viii) commencement of new MD-CEO following recruitment exercise. I will deliberate further on the statement of expectations later.

Changes

Mr Speaker, after it became apparent that the Government's Statement of Expectations to the previous Board and Management of NAC was not being seriously considered, the Shareholders then Ministers for Finance and Civil Aviation made a strategic decision to step in and replace the whole Board and appoint a new Acting MD-CEO in September 2016.

The new board and management immediately took stock of the situation and went to work. They undertook a number of audits in the organisation, visited the regional centres and talked to staff about the issues they faced, held a number of workshops and from there began to revise the organisational structure, reshuffle key personnel in key roles and commissioned

a number of key revenue generating projects.

Improvements

Mr Speaker, The appointment of the new board and management have led to sweeping improvements across the organisation over the last two years including the following corrective actions;

- i) strengthening corporate governance,
- ii) disciplined management practices introduced including a review and re-alignment of HR management practices,
- iii) improved processes, systems and internal controls,
- iiii) improved and strengthened financial position,
- v) corporate plan and strategic directions developed,
- vi) organisational values being reviewed and driven,
- vii) company structure finalised,
- viii) engagement of external auditors to cover internal audit and,
- xv) addressing Governments statement of expectations.

Mr Speaker, the improved internal processes have led to efficiencies in procurement, inventory management and business intelligence. The organisation now has a register of Standard Operating Procedures (SOP) documentation. The continuous upgrades to the organisations ICT system and the full implementation of the Technology 1 system has further improved business processes. Implementation of these previously incomplete projects and system improvements has further increased business and operational efficiencies. The Audited Financial Statements for 2012, 2013, 2014, 2015, 2016, and 2017 was also undertaken and completed due to these and other process improvements across the organisation.

Mr Speaker, the financial position of the organisation is improving. By March 2017 NAC's balance sheet was sitting at K14m and growing after being in the negative for 24 to 36 months prior. The cost to income ratio has improved and the organisation's dependence on the ANZ OD facility was removed. The NAC is also actively undertaking projects to diversify its revenue stream. Projects that are set for implementation include among others paid car parking at PMIA, Nadzab and Mt. Hagen airports. A full and proper Annual General Meeting (AGM), the first of its kind, was held by the NAC in December 2018 in which the Audited Financial Statements of the Organisation for 2012, 2013, 2014, 2015, 2016 and 2017 was presented and accepted.

Mr Speaker, operational improvements particularly in relation to safety and compliance have been made over the past two years. This has been through the establishment of a new business unit in 2017, the Safety Assurance & Regulatory Compliance (SARC) division within the NAC.

25/03

Its objective is to monitor and manage operational safety and risk assurance in our 22 national airports to meet mandatory ICAO Standards and CASA PNG requirements as per parts 139, 140 and others.

SARC also reports to the Board Audit Committee. Since the establishment of SARC, the NAC has closed 180 out of 192 Open Corrective Actions Notices (CANs) representing an improvement of 94 per cent with only 12 or six per cent remaining opened as at December 2017. CANs issues are now being adequately and effectively addressed upfront unlike in the past where they remained opened.

A gradual improvement in safety and compliance culture is also undertaken with appropriate training and the recruitment of qualified personnel where required.

A fully stocked library of exposition documentation has also been set up and is now being updated regularly. SARC also manages and conducts a monthly Risk and Safety Meeting, through its Risk and Safety Governance Group (RSGG) chaired by the MD and CEO with membership of all executive management and key operational personnel.

This forum discusses the NAC safety, risk and compliance issues on a monthly basis. SARC is also working towards improving the NAC ADOC (Aerodrome Operating Certificate) status.

As of December 2017 ADOC, stood at seven current, 12 expired and three with no initial ADOC. As of this presentation, NAC is working towards achieving part 139 Aerodrome Operating Certificate (ADOC) for 19 airports and part 140 Aviation Security Service Organization Certificate (ASSOC) for Port Moresby International Airport, PIMA.

The remaining three airports should have their ADOC in 2020. This division will play a crucial role in ensuring the risk management and operational compliance of all our national airports in the future. This has also led to improved engagement, understanding and relations with the regulator, CASA PNG.

Mr Speaker, the NAC has further seen improvements to its human capital management and resourcing including corporate culture, workforce capabilities and training, improved and compliant remuneration practices and performance management practices. The NAC has

undertaken an organisational review, realignment and restructure that is fit for its purpose, including a revised salary structure, key personnel in key roles are being reshuffled to improve organisational performance. New young vibrant Airport Operations Managers, customer service officers, Airport Rescue and Fire Fighting (ARFF) officers and other technical trade officers have been recruited. This is improving moral and has resulted in employee success stories.

The NAC HR Policy Manual has been reviewed and revised. A corporate training plan has also been developed and presented to ADB for funding through Civil Aviation Development Investment Program (CADIP) – Tranche Three. The ADB has endorsed this training plan and it is now being implemented yearly including the introduction of a graduate development program and a technical trades and apprenticeship program.

Mr Speaker, the current CADIP program is also facilitating capacity building and institutional strengthening for CASA PNG, PNG ASL, NAC, RAA and AIC. A Pacific aviation academy concept is also being developed to ensure the training of airport technical specialists for sustainability in the future. The NAC has entered into an MOU with the International Civil Aviation Organization (ICAO) to train and certify 11 Training Instructors and 16 Training Course Developers who are now qualified to facilitate training and assessment based on ICAO standard training packages within the region.

The NAC has also entered into an MOU with the Solomon Islands Airport Operator to provide support for training and capacity building for their staff. NAC also entered into an MOU with the Federal Aviation Administration (US Department of Transportation) for Technical Training Assistance in training NAC Engineers in Aerodrome Pavement Design.

Aerodrome expatriate staff are also being engaged on a needs basis only for training of national staff. All executive and managerial positions are filled by competent national staff. A company staff housing scheme is being finalised for implementation.

26/03

Mr Speaker, a coordinated effort is also being undertaken to improve customer safety, security and service throughout the airports. Improved services and facilities are being introduced, customer service training is being undertaken and passenger feedback avenues are being opened. The organisation is also placing emphasis on improving relations and engagements with all stakeholders including government, development partners, other State

Aviation Enterprises (SAE's), the regulator, CASA PNG, airline and other airport operators, lease holders, service providers, NAC contractors and the travelling public.

APEC 2018 Success

Mr. Speaker, these changes have also positioned the NAC to successfully undertake all its obligations and to provide leadership including improving vital infrastructure at PMIA in a relatively short period and with limited resources to assist the government and the nation in facilitating all international visitors for a successful APEC 2018. This included arriving delegates throughout the year for respective APEC meetings and the final leaders' summit in November 2018.

Statement of Expectations: Outcomes & Achievements

Mr. Speaker, I will now provide an overview of the outcomes and achievements by NAC on the Governments initial eight (8) Statement of Expectations as delivered to NAC in December 2015 by the Former Minister for Civil Aviation. These are as follows;

Expectation 1: Provide leadership in meeting the government's expectations in respect to the hosting of APEC 2018.

NAC has delivered on this over and above my expectations and the Government's with the limited funds and resources available to them.

Expectation 2: Commit to a strong focus on human resource issues including the outstanding issues of unpaid entitlements of employees whose service entitlements accruing from period of service with the Department of Civil Aviation (DCA) and Civil Aviation Authority (CAA) remain unresolved, and the development and implementation of a NAC workforce plan with emphasis on proactive recruitment, training, retention and succession policies amongst others.

This exercise has now been completed and a new organisational structure is being implemented with a vibrant workforce put in place, under the leadership of a new young vibrant MD/CEO, who was also appointed in 2017.

Expectation 3: I expect in this regard to see culture of values and a code of conduct that maintains highest standards of professionalism, customer service, probity, reporting accountability and transparency, consistent with the Government's aim of excellence in the public sector. In this regard, I expect that within six (6) weeks, a strategic direction document for NAC that incorporates the vision of government and strategies to achieve them.

(i) NAC Board and Management have delivered on this with the NAC 2030 Growth Strategy Document with its vision of operating "15 Smart Airports by 2030".

(ii) It is my pleasure to announce that the 2012-2017 outstanding accounts have been audited and will be submitted to Parliament following NEC endorsement whilst NAC has commenced working on finalizing the auditing of 2018 accounts.

(iii) NAC's 2017 Annual Report has been published and is attached with the presentation of the Audited Financial Statements.

Expectation 4: Undertake effective consultation with the community, industry and government on the development and implementation of significant changes and developments been undertaken or planned to be undertaken by NAC in the performance of its duties.

I highlight in this regard the efficient and professional undertakings of major national airport development projects and ensuing land and environment issues.

NAC has consulted with the community, industry and government (local, provincial and national) on the implementation of airport improvements under the Civil Aviation Development Investment Program (CADIP), the Nadzab Airport Redevelopment Project and others and incorporated suggestions and inputs from these consultations into the scope of the various projects as far as is reasonably practical;

27/03

Following on from the consultation with the various stakeholders, the board and the management has successfully delivered the following airport projects throughout the country under the Civil Aviation Development Investment Program (CADIP) and others;

Projects successfully delivered under CADIP Tranche I and the ones that are ongoing include the following;

(1) Port Moresby Airport Domestic Apron extension;

(2) Hoskins Airport pavement strengthening, runway extension and new terminal building;

(3) Mt. Hagen Airport new terminal building and carpark incorporating international passenger processing facilities;

(4) Kavieng, Wewak, Gurney, Goroka and Hoskins Airport security fencing;

(5) Procurement of three airport rescue fire-fighting trucks for Port Moresby Airport;

(6) Installation of an Instrument Landing System (ILS) for instrument approach into Port Moresby Airport;

(7) Ongoing Airport pavement maintenance and maintenance equipment; and

(8) Ongoing capacity building and institutional strengthening for NAC, CASA PNG and PNGASL.

Successfully completed and ongoing projects delivered under CADIP Tranche 2 include the following;

(1) Goroka pavement strengthening, runway extension, new terminal building, new fire station and secondary runway maintenance;

(2) Vanimo pavement strengthening and security fencing;

(3) Chimbu Airport pavement strengthening and security fencing;

(4) Girua pavement strengthening, security fencing and new terminal building;

(5) Tari Airport pavement strengthening, new apron, new taxiway, new terminal building and new carpark;

(6) Buka, Momote and Tokua security fencing;

(7) Standby power supply for Tokua and Nadzab Airports;

(8) Secondary Surveillance Radar replacement at Port Moresby;

(9) Very High Frequency (VHF) Aeronautical Communications upgrade;

(10) High Frequency (HF) Aeronautical Communications upgrade;

(11) Procurement of nine airport rescue fire-fighting trucks for Nadzab (2), Tokua (2), Mt Hagen (2), Madang (2) and Goroka (1);

(12) Airport Management Systems;

(13) Ongoing Airport pavement maintenance and maintenance equipment; and

(14) Ongoing capacity building and institutional strengthening for NAC, CASAPNG, PNGASL, AIC and RAA.

Projects currently being delivered under CADIP Tranche 3 include the following:

(1) Momote Airport runway extension, pavement strengthening, new taxiway and Apron, Asphalt surfacing, new terminal building and carpark;

(2) Mt. Hagen Airport pavement strengthening, asphalt surfacing, flight strip widening, new airfield lighting, new air traffic control tower, new airport fire station;

(3) Vanimo Airport runway extension and new terminal building;

(4) Wewak Airport runway extension, resealing, flight strip widening and new Terminal Building;

(5) Wapenamanda Airport runway extension, pavement strengthening and new terminal building and carpark

(6) Gurney Airport runway extension, resealing and extension to existing terminal building

(7) Madang Airport pavement strengthening, security fencing, new terminal building, new taxiway, new apron, new carpark and new airport access road;

(8) Kavieng Airport runway and apron extension, pavement strengthening, flight strip widening, new terminal building and carpark;

(9) Mendi Airport pavement strengthening, runway extension, security fencing, new terminal building and carpark;

(10) Kerema, Kiunga and Tari Airport security fencing

(11) Ongoing airport pavement maintenance and maintenance equipment; and

(12) Ongoing capacity building and institutional strengthening for NAC, CASAPNG, PNGASL, AIC and RAA.

Other projects funded by Government and NAC that have been successfully completed include the following;

(1) Aropa Airport pavement rehabilitation, new terminal building and carpark

(2) Port Moresby Airport Apron extension and strengthening bringing parking bays for a mix of medium to long haul aircraft from previous five bays to as high as nine bays.

(3) Port Moresby (Jacksons) International Airport Runway Asphalt overlay to increase asset life to 15 years funded by NAC jointly with Government of PNG in preparation of APEC 2018.

(4) Port Moresby (Jacksons) International Airport – Old international Apron reconstruction associated with new VIP Facility and new aerobridge in preparation for hosting APEC 2018 funded by GoPNG.

28/03

The other project funded by JICA and Government that is ongoing is the Nadzab Airport Redevelopment Project. Tender Evaluation is currently in progress and works will commence in September 2019.

Mr Speaker, I would also like to state that the Port Moresby (Jacksons) International Airport will be transferred to a Private Sector Partner (PSP) to operate under a Public Private

Partnership (PPP) transaction and I will deliberate further under the NAC 2030 Growth Strategy in this presentation.

NAC has looked at a number of options for the best utilization of Port Moresby International Airport (PMIA) and the PPP model has come out on top. It will add considerable value to this strategic national asset.

Mr Speaker, as we can all see, the NAC is fully engaged in upgrading and reviving our airports infrastructure and services all throughout the country. They are doing a tremendous job and our support is crucial to them. Their success means improved airport assets and infrastructure throughout our nation and thus, safe and secure airport operations and improved level of services for our people.

I once again call on all honorable members of this House to continue to work in partnership with the NAC in delivering the respective ongoing airport projects at your provinces.

Expectation 5: To engage constructively in processes where it can provide information, assistance or advice for policy formulation, implementation and regulation undertaken by Government agencies both within and outside the civil aviation sector.

In this regard I expect that, in consultation with my office and the National Department of Transport and Infrastructure, the NAC Board produces the National Airports Act Bill within six (6) months.

(i) NAC will contribute in the formulation of a whitepaper for the civil aviation sector,

(ii) NAC will support the formulation of policy and provide a strategy to implement the government's vision to restore an efficient rural air transport service,

(iii) NAC will develop a land use policy for all aerodrome land.

The NAC board and management continues to work in partnership with all stakeholders in this regard on an ongoing basis.

The NAC is actively seeking assistance from development partners for technical assistance in drafting the National Airports Act Bill and for the formulation of a civil aviation sector white paper. The NAC is also working with the ADB and Government to implement a CADIP 2 program which among others is aimed at improving rural air transport services for connectivity, agriculture and tourism.

In addition to this, CADIP 2 will also extend the runways at Wewak, and Madang airports to over 2,000 meters. The three major airports of Mt. Hagen, Tokua and Nadzab

airports will be upgraded to accommodate the unrestricted operations of the B737-800 aircraft services.

CADIP 2 will also fund the establishment of the new Pacific Aviation Academy at Nadzab Airport with the aim to train personnel requirements for NAC, PNGASL, CASAPNG, AIC, NWS, RAA and air operators. The facility will be able to train aviation specialists from our Pacific neighbors as well.

Expectation 6: Continue to implement government air transport policy as contained in the Civil Aviation Act, international conventions and other aviation sector policy initiatives in conjunction with Civil Aviation Safety Authority and the Department of Transport and Infrastructure and other government agencies.

In this regard, I expect a clear plan within six (6) months that outlines a strategy to commercialize certain airports and to decentralize those airports under effective partnerships with provinces as anticipated in the Civil Aviation Act.

Secondly, I also expect a concise service standards improvement plan that will ensure that service standards in all our airports meet standards prescribed under International Air Transport Association (IATA).

The NAC Board and management continues to work in partnership with all stakeholders in this regard on an ongoing basis.

The NAC 2030 Growth Strategy spells out its future plans including commercialization and decentralization of certain airports as well as improving service standards that the NAC is working towards. The implementation of CADIP 2 will drive the achievement of this expectation

Expectation 7: I expect to receive a plan clearly defining a program that mitigates safety and security risks at national airports and security designated aerodromes in accordance with civil aviation rules.

29/03

The NAC board and management is currently finalising this plan in accordance with all regulatory and compliance requirements and in conjunction with all aviation stakeholders.

The NAC is actively seeking assistance from development partners for technical assistance in defining a safety and security program at all designated security aerodromes as well as the rest of the NAC operated, developed and maintained airports.

Expectation 8: In the immediate future, I expect that the new managing director to assume office and work on APEC 2018 priority to commence.

Mr Richard Yopo was appointed as the Acting Managing Director and CEO in September 2016 and was confirmed to the position in August 2017 by the current Board. He has lead the NAC team to deliver APEC 2018 successfully.

Mr Speaker, as Minsters responsible for Civil Aviation and NAC, I am fully satisfied that under my watch over the last year and a half, NAC has fully developed to my expectations and that of the National Government to date. I have every confidence that they will continue on this path of improvement. This brings me to my next overview of the NAC's 2030 Growth Strategy and its future plans.

Mr Speaker, NAC is now on track to implement its growth strategy with its vision of operating 15 smart airports by 2030. The NAC 2030 Growth Strategy is in alignment with government plans and priorities including MTDP 3, Vision 2050, the National Transport Strategy, CAA Act (as amended) and the Ministerial Statement of Expectations and others. A copy of the NAC growth strategy is available on the NAC website.

Mr Speaker, while its current focus is being met in terms of the provision of safe, secure and reliable airport infrastructure and services, as well as the smooth facilitation of passengers, cargo and aircrafts, the NAC growth strategy also allows the organisation to focus on its future. This includes implementing strategies for commercialization and sustainability of the organisation into the future.

Mr Speaker, with all the airport development projects being undertaken through CADIP, JICA in Nadzab, GoPNG funded airport projects, Port Moresby International Airport upgrade and PPP, the overall operational expenses of these assets have significantly increased while their revenues remains relatively stable.

The NAC is therefore working on strategies to increase revenues including reviewing aeronautical charges, reviewing its conditions of use document, commercialization and a rural regional airports and airstrip upgrade program as part of a wider CADIP 2 program to facilitate a hub and spoke model. It will drive up volumes for our upgraded regional airports and lead to improved tourism, agriculture, connectivity and sustainability for all. This will also empower our rural population.

Mr. Speaker, NAC is also working on developing Port Moresby International Airport as an international hub and as the Gateway of Pacific. The NAC is further working towards transferring PMIA to a Private Sector Partner (PSP) to operate under a Public Private Partnership (PPP) transaction. This will be undertaken within the next 24 months under a transparent international competitive bidding process. The PSP will be an international renowned airport operator that will come in to operate Port Moresby International Airport for an agreed period and in doing so, improve all aspects of Port Moresby International Airport operations, particularly airside operations and efficiency.

The PSP will also work on attracting new carriers to Port Moresby International Airport and undertake capacity improvements. Its current lead arranger and its transaction advisor is ADB. An NEC submission is being prepared for NEC approval to progress to the next stages of implementation. The entire feasibility study is fully funded by ADB.

The NAC is also looking at transferring other selected regional airports to provincial governments while providing ongoing technical specialist support and services. However, major strategic and boarder airports will be retained. NAC will operate 15 SMART airports by 2030 including Nadzab as the alternate to Port Moresby International Airport and as an industrial and transport hub, Gurney and Tokua as tourism hubs, Mt. Hagen and Goroka as agricultural hubs and Madang as a tuna hub. This is about looking at the options that are available so PNG can get a better return in terms of improved operations and increased revenue and most importantly, capacity building and skills transfer.

30/03

The Board and Management is looking at innovative ways of assets utilization so greater benefits can be derived for the country and its people.

Mr Speaker, let me know present to Parliament an overview of the audited financial statements of the NAC for the years 2012, 2013, 2014, 2015, 2016 and 2017.

The audited financial statements for the years 2012 to 2017 of NAC including its subsidiary Airports Investment Limited (AIL) and project vehicle, Airport City Development Limited (ACDL) with the audit qualifications were presented at the NAC Annual General Meeting on 14 December 2018.

The Auditor General's Office (AGO) contracted the audit of the 2012 to 2016 audit to Deloitte and the 2017 audit to KPMG.

Summary of 2012 to 2017 Audit Qualifications by AGO or Auditor General Office;

(1) 2012 to 2016 years audit all have qualified opinions and 2017 had disclaimer opinion.

(2) Most of the audit queries from 2012 to 2017 have been cleared as a result of actions taken by the NAC Board and Management to date.

(3) The only outstanding audit qualification is the transfer of assets from CAA to NAC, which is delayed due to ongoing issues such as the court proceedings between the State Aviation Enterprises (SAE's), a claim by the National Housing Corporation for some of the assets that rightfully belong to the SAE's and the issue of asset valuation. An NEC submission to rectify this was tabled and is pending NEC approval.

Years 2012, 2013, 2014, 2015 & 2016 Qualified Opinion Basis Qualified Opinion and the basis of opinion that are yet to be cleared are;

(a) Fixed Assets: Assets transferred to NAC from CAA assets in 2010 by NEC decision have not been effected due to legal issues. Implementation of Gazettal Notice No. 39 of 2016 yet to be implemented.

(b) Reporting Compliance: Non-compliance to the reporting deadline of 30 June to NEC with audited financial reports for 2012 to 2016 and 2017.

(c) Note: 2018 Annual Audited Financial Statements to be completed on time in compliance with Companies Act 1997 and Civil Aviation Act 2000 (as amended).

Year 2017 disclaimer opinion basis: Disclaimer Audit Opinion Issues to be resolved are;

(a) Property and Equipment not recognized in the financial statements: Assets transferred to NAC from CM assets in 2010 by NEC decision not effect due to legal issues. Implementation of Gazettal Notice No. 39 of 2016 yet to be implemented as well.

(a) Physical verification of Property & Equipment: NAC is yet to do a physical verification of all assets worth K336.95 million. Management has progressed this in 2018, however put on hold due to APEC meeting preparations.

(b) CADIP Assets, Liabilities and Cash flow: Inclusion of CADIP assets and Liabilities in NAC's Accounts. The assets under construction are recorded in NAC accounts as work in progress and transferred to assets once completed. The GST returns for CADIP lodged under NAC as CADIP does not have a Tax Identification Number (CADIP implementing agency). The liabilities of CADIP paid by NAC through transfer of funds or ADB. Management decision is now required to include all CADIP assets and liabilities in NAC Accounts.

(c) Closing Balance of GST and Group Tax: Audit evidence confirming the accuracy of the balances per the accounting records. The balances could not be confirmed as IRC is yet to issue the assessments on these balances as per returns submitted. NAC's tax Agents are working on this with IRC on this.

(d) Reporting Compliance: Non-compliance to reporting deadline of 30th June.

Implications of Audit Issues, Mr Speaker

(a) Financial Statements for the years 2012 to 2017 are materially misstated with the non-inclusion of CAA assets. This remains an audit issue to date. Work has been progressed to resolve this.

31/03

CAA assets. This remains an audit issue to date. Work has been progressed to resolve this.(b) Non-compliance to reporting deadline of 30th June annually reflects negatively on organisation's performance and competence. This will be improved going forward.

Achievements and Improvements Resulting from Audit Issues Raised

Accounting and Reporting Improved

(1) Enhanced Technology One Accounting System

(2) Management now have excess to monthly management reports where financial position of the company is monitored monthly and actual income and expenditures are tracked by airports and by strategic business units.

Compliance

(3) Budgeting and reporting by business units to Management and Board for proper financial management and control.

(4) Signed of major service provider contracts such as security for all airports to reduce in costs.

(5) Review of all leases for non-aeronautical revenues and implemented revised rental rates to generate more monthly revenue for NAC.

(6) Monthly compliances to the tax authority has progressed with lodgement of outstanding returns since 2012

(7) ANZ FDL compliance improved and now under control from non-compliance and penalties,

(8) Reporting compliances to various stake holders instituted including PIP report and updates to the state.

(9) Restructuring of the organization to a leaner, manageable structure

(10) Salaries for Technical Staff have been restructured

(11) Most processes are now documented including the Finance Procedures Manual, Delegation of Approvals, Standard Operational Procedures (SOPS), Job Descriptions

(12) First annual staff appraisal completed across the organizational

(13) Proper Board and Annual General Meeting held where signed audited financial statements were tabled for acceptance and approval for the first time.

(14) Negotiated with CADIP to re-schedule savings to help with staff training.

Stringent Budget Control and Prudent Management Results

(15) Significant savings from internal funds used to prepare for APEC preparedness works at the Port Moresby International Airport (PMIA)

(16) Internal funds have funded travels related to resolving audit issues related to CASA audits which has led to many airport certifications.

(17) Aggressive debt collection of long outstanding debts.

(18) Built new workshop and fleet control to reduce vehicle maintenance costs.

(19) Review of all legal costs and recruitment of in-house Lawyers

(20) Set up of internal audit unit in progress to assist board and management.

Mr. Speaker, the delivery of the six (6) years of audited financial statements with one year (2018) is in itself is a milestone achievement in terms of accountability and transparency by the NAC Board and Management.

It is also in compliance to the Companies Act 1997 and Civil Aviation Act 2000 (As Amended) and further meets the stringent financial reporting and compliance requirement of our development partners such as the ADB and JICA. I am now confident that the NAC 2018 Audited Financial Statements will be tabled to NEC and Parliament in June 2019 and follow the routine reporting of the SAE's to Parliament every year.

Government Considerations

Mr Speaker, I want Parliament to note that the NAC has been carrying out major airports infrastructure and facilities improvement projects working closely with its strategic development partners with ADB through the CADIP Program, the Government of Japan through JICA and the Government of New Zealand through NZ Aid for assistance with aviation Security Training.

The Government of PNG as the shareholder, plays a pivotal role in the on-going upgrade and improvement of the 22 airports in Papua New Guinea.

Mr Speaker, I once again call on all honourable Members of this House to continue to

32/03

The on-going upgrading and improving 22 airports in Papua New Guinea.

Mr Speaker, I once again call on all honourable members of this House to continue to work in partnership with the NAC in delivering the respective ongoing airport projects at your provinces. I also call on appropriate Ministers and NEC to support the successful implementation of our airport projects through timely approvals as and when required and the through priority funding allocations.

Mr Speaker, the recently approved NAC 2030 Growth Strategy sets the pathway to meeting both the short and the long-term objectives of the shareholders including the aviation industry and the Government and the people of Papua New Guinea. NAC is committed to operating a highly compliant organisation that ensures the highest standard of safety, security and convenience of the travelling public and airline operators.

Mr Speaker, NAC's overall strategy towards building and improving the airports infrastructure and facilities, airport security and safety, automation and integration of airport management systems and development of the workforce at every level for sustained development remains the priority focus areas of the organisation in the coming years.

Finally, Mr Speaker, the pursuance of NAC's goals and objectives have been made possible through a very competent board comprising of highly experienced professionals and a very experienced top management team with the overarching support from my Ministry and Government. The presentation of the organisations 2012-2017 Annual Financial statements is a testament to the changes and improvements within NAC.

Continued strategic, financial and policy support from Government is critical moving forward. I am very confident that NAC will fulfil its mission to provide safe and secure airports including airport infrastructure and terminal facilities that meets International Civil Aviation Organisational (ICAO) standards and by achieving this mission, will be supporting the growth of aviation and air transport in PNG which has a direct impact on the economic enhancement and prosperity of our nation.

I am also very confident that the NAC will achieve its Vision in that "By 2030 it will Operate 15 SMART Airports" and venture into a hub and spoke model.

Debate (on Motion by **Mr Renbo Paita**) adjourned.

ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 3.00 p.m..