

SIXTH DAY

Wednesday 16 October 2019

DRAFT HANSARD

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SIXTH DAY

Wednesday 16 October 2019

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

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

Sitting suspended.

Mr Acting Speaker again took the Chair at 11.15 a.m., and invited the Member for Mul-Baiyer, **Honourable Koi Trappe** to say Prayers:

‘Papa God long nem bilong Jisas, mipela tok tenkyu long yu givim laip long mipela long stap long dispela graun.

Papa mipela tok tenkyu tru long yu makim mipela kamap lida long dispela neison, em we yu kam painim mipela. Papa mipeka tok tenkyu long dispela. Papa God mipela sanap long dispela Paliament tude , Papa mipela i no gutpela lida, em yu yet i save pinis. Mipela save bihanim pasin nogut na tok nogut. Yu yet yu lusim rong bilong mipela, kilinim mipela wantaim blut bilong yu na rausim olgeta rong bilong mipela. Papa God mipela ken wokim gutpela disisen, yu yet yu givim gutpela tingting long mipela. Tenkyu God, tenkyu Holi Spirit, tenkyu Jisas Krai na mipela larim mipela yet ikam long mighty na stronpela han bilong yu. Yu yet yu givim strong long mipela, givim gutpela tingting long mipela na mipela ken sindaun tude long dispela miting. Papa mipela prei na komitim mipela yet long han bilong yu. Tenkyu Papa God, tenkyu Holi Spirit na tenkyu Jisas Krai, Amen.

DEATH OF FORMER MEMBER (Mr JOE KOIM KOMUN) – STATEMENT BY THE ACTING SPEAKER

Mr ACTING SPEAKER – Honourable Members, I have to inform the Parliament of a death on the 12 September 2019, of Mr Joe Koim Komun, a former Member for Anglimp-South Waghi Open Electorate.

He was a Member in the Ninth National Parliament from 2012 to 2017. During that term he served as a Member of the Economic Affairs Committee in 2012. As a mark of respect to the memory of the late honourable gentleman, I invite all Members to rise in their places.

All Honourable Members stood in silence in their places as a mark of respect to the memory of the late gentleman.

02/06

**ACKNOWLEDGMENT OF STUDENTS (Paradise International School,
Launakalana Primary School and Oroï Primary School) –
STATEMENT BY THE ACTING SPEAKER**

Mr ACTING SPEAKER – Honourable Members I want to inform the Parliament that one Grade 11 students of Paradise International School in the National Capital District, two Grade 8 students of Lanaklana Primary School in Rigo District, Central Province, and three Grade 8 students of Oroï Primary School of Kairuku-Hiri District, Central Province, are present in the Public Gallery this morning.

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

QUESTIONS

Public Service Manpower Audit

Mr JOE SUNGI – Thank you, Mr Acting Speaker. I want to direct my question to the Minister for Public Service.

By way of back ground information Mr Acting Speaker, last week, when we passed the 2019 Supplementary Budget, there was a very alarming budget figure reflecting the National Government's expenditure on the Public Service and the entire government work force up. The Government spends up to K5 billion every year so half of the K10 billion yearly budget goes to Public Service or the government workforce.

I would like to ask the Minister, if his Department has any plans by way of conducting an organisational diagnosis into all government agencies and departments to identify the relevant positions as well as those that are irrelevant.

Mr Acting Speaker, we are now in a computerised world, those jobs that were once done by three officers can now be done by one office.

At the same time, Mr Acting Speaker, I would like to ask the Minister if his Department has any plans to also conduct a nationwide manpower audit of the entire public service right down to the provincial administrations.

This is to identify positions which are irrelevant and should be abolished rather than using up all the money every year. Five billion kina out of K10 billion is just too much for the country to loose in terms of public service salaries.

(1) Does the Department have any plans to conduct a nationwide organisational diagnosis and manpower audit of every Department and Agency?

Mr WESTLY NUKUNDJ – Thank you, Mr Acting Speaker. I thank the Member for Nuku for his question. As this is my first question to answer after I was appointed Minister for Public Service, on behalf of the people of Dei Electorate, I want to thank the Prime Minister for recognising the people of Dei by appointing me as the Minister responsible for Public Service.

03/06

When I took office, I made a statement that –

Mr Walter Schnaubelt – Point of Order! Mr Acting Speaker, there're weird noises coming from the headphones.

Mr WESTLY NIKUNDJ – Mr Acting Speaker, the point of order by the Member is out of order because it is not meant for me.

Mr Acting Speaker, the question raised by the Member for Nuku is timely because my Department is currently attending to it now.

Everyone in the country including all the Members of Parliament are always complaining about the Public Servant's non-performance. We also complain that the Public Service consumes a lot of money in terms of personal emolument but to put it right, the figure

K5 billion in the Budget is not correct. It is actually K4 billion. Although it may seem like a lot of money, we have no choice because it is the Public Servants who are the implementers of government policies.

So, as the Minister responsible, I will always defend the Public Service. When I took office the first statement I made was, we are going to reform the Public Service, and secondly, we are going to go by the Policy of PPP. That means, in every Government organisation, there must be one person for one job and one.

As I speak, there are officers from the Department doing personnel audits. For instance, it was done in Western Highlands Province.

The Provincial Health Authority said that they were there last week to do personnel audits to identify whether people are actually paid for what they are doing.

I have issued instructions to the Ministers as well as the Departmental Heads to report back to me to confirm that they are paying the right people for the right job. This is to make sure not more than one person is being paid for the same position.

Mr Speaker, in addition to that, the Department is doing a lot of cost cutting measures.

However, coming back to the organisational diagnostic measures that we are taking; there are four (4) Government departments currently under-going audit. We have started with the Department of Works.

We felt that there were so many people on the payroll so our Department has done the personnel audit there already. We are now moving on to the Western Highlands Health Authority and then followed by National Agriculture Quarantine Authority (NAQIA).

After two months, there will be a personnel audit of the Hela Provincial Government. So, we are trying confirm the allegations regarding officers who are on the payroll but are not actually performing their duties.

04/06

What the Department is trying to establish under my leadership and under the Marape-Steven Government is to make sure that every public servant must be accounted for by way of one pay, one position and one person. If there are three people on one position, the audit that we are doing now will eradicate everyone especially those people who are not doing their job but are getting paid for doing nothing.

We will make sure that they are put off the payroll but we are not going to do so unnecessarily because there could be valid reasons. These are some of the things the Department is doing at the moment.

I will be presenting a report on it in the next Parliament Session Thank you very much and I hope I have answered the honourable Member's question.

PNG's Foreign Policy

Dr ALLAN MARAT – Mr Acting Speaker, my question is directed to the Minister for Foreign Affairs. It is a very simple question but it is important.

At Independence, our foreign policy or Papua New Guinea's foreign policy was '*Friend to all enemy to none*', subsequently that was changed.

A new regime came in and I believe it was, (cannot remember who the Prime Minister was) changed to '*Selective engagement*'. After that, the policy was further changed to 'Look north', which governed our foreign relationship with other countries.

I believe the O'Neill regime's foreign policy was '*PNG Connect*' The concern just rose last Friday during the Prime Ministers speech when he mentioned that our foreign policy was '*Friend to all, enemy to none*'.

My question is simple, which foreign policy do we have? All of them? Or the one that the Prime Minister referred to or have we gone back to that?

Thank you, Mr Acting Speaker.

Mr SOROI EOE – I thank the honourable Member for Rabaul for this very important question. Yes, at Independence, the forefathers of this country put in place the foreign policy, '*Friend to all, enemy to none*'.

Obviously over the years as the honourable Member has pointed out, there has been various changes. These changes in foreign policies, *Selective engagement*, *Look-North policy*, and *PNG Connect* were done basically for economic reasons. But the fundamental policy of this country which is what Prime Minister alluded to last week and that is to retain and maintain the, *Friend to all, enemy to none* foreign policy simply because of what is transpiring across the border.

Mr Acting Speaker, as we already raised on the Floor of this honourable House, in the previous questions, we need to maintain this policy mainly because of the fact that we need to protect the interest of the 8.9 million people of Papua New Guinea. That is the

foremost and important responsibility of this government. Basically, that is the position that this Government has taken and will continue to take until and unless the government decides otherwise.

The foreign policy that has been put in place by our forefathers is the right policy and we will continue to retain that policy.

Fund ABG Health Infrastructure

Mr JOE LERA – Thank you, Mr Acting Speaker. My question is directed to the Minister for Health.

Before I raise my questions, I would like to thank the Prime Minister for taking the NEC Meeting to Bougainville last month and also for addressing the ABG House of Representatives.

05/06

The initiative greatly helps in the unification process of the PNG and Bougainville people through their leaders before the Referendum.

Secondly, I'd like to thank the Prime Minister again with the Minister for Bougainville Affairs for supporting me and the Arawa Nursing College administration by releasing K2 million for the completion of a 70-per-cent-completed infrastructure facility for nurse trainees.

My question now is in regard to the general restoration of health services on Bougainville after the crisis. We all know that Bougainville before the crisis had one of the best health services in the country but this was reduced to zero during the crisis.

(1) Can the good Minister give a status update report to the people of Bougainville and the Parliament on the recent government commitments on restoring the Bougainville provincial hospital in Arawa, Central Bougainville and other infrastructure developments on the island?

Secondly, the K2 million for the Arawa nursing school will help complete the 70-per-cent -completed infrastructure development, housing four classrooms and two dormitories.

(2) Can your Department kindly consider some more funding to fully complete one more building housing the same number of classrooms and two dormitories for male students, a mess and five staff houses.

A proposal was put to the department in the last two years through my office but no response has been received. This is a common good project which if not supported, may contribute to the collapse of health services on the island due to the unavailability of trained nurses. Thank you.

Mr ELIAS KAPAVORE – I thank the good Regional Member for Bougainville for this important question.

Improving health infrastructure remains one of the priorities under the Marape-Steven government to the people of Bougainville.

In the recent NEC meeting held in Buka, a resolution was made by NEC for the construction of a new provincial hospital for Bougainville.

After consultation with the Minister for Health Honorable Dennis Dokonai in Bougainville and the regional Member for Bougainville. They agreed that the new hospital must be constructed in Arawa. That means we will upgrade the current level-four district hospital at Arawa to a level five or to a provincial hospital for the development of Bougainville. That is the decision that has been made.

Yesterday, the Secretary for the ABD Government was with my secretary discussing this particular matter and some of the final details of this will be presented to NEC very soon so we can fast track this very important project.

With regard to the requested information on what the Department or the Government of Papua New Guinea is doing for the other districts, I can mention today that we are also supporting the upgrade of Buin District Hospital. At the moment, its not fully upgraded. We'll also support that particular hospital to be fully functional as a level-four district hospital.

For North Bougainville, the ADB program, there's a community health post currently under construction.

For Kunua in the west coast region of North Bougainville, I will continue to support that particular infrastructure so that our people in that community can receive that important service.

Buka hospital at the moment is serving as the hospital for Bougainville. It will remain as a level 4 hospital once the provincial hospital is completed at Arawa.

So, we are working closely with the Government of Bougainville. The Secretary for Bougainville government was with my secretary yesterday and they have discussed that.

My Department will be visiting the ABG region soon. There's a task force in place and we'll fast track and bring further or final details to Cabinet for final endorsement. Thank you, Mr Speaker.

Mr GARY JUFFA – Thank you, Mr Acting Speaker. My series of question are directed to the Minister for Health. Prior to asking the question, I wish to give some background information and also commend him for the very proactive effort that he has undertaken since he has taken office.

06/06

He is very responsive to our concerns and interacts with us continuously and that's very commendable.

But I must inform the Prime Minister that not all his Ministers are doing this.

(Laughter-in-the-Chamber)

Mr GARRY JUFFA – Some have become very evasive and upon their appointment as Ministers they are hard to find and they don't even respond to simple text or WhatsApp messages and so forth. Anyway, I will send you a list of these Ministers names.

(Laughter-in-the-Chamber)

Northern – Non-functional Operating Theatre

Mr GARRY JUFFA – My questions are in relations to the issues of health in Northern Province, particularly to three areas of concern; one being a recently opened theatre that contains sophisticated machinery and capacity that can serve the entire the population of Southern Region.

This theatre was opened on 27 March 2018 by the former Prime Minister, with great fanfare and we took a tour of it and were showed all the marvellous equipment and instruments in the theatre.

To date it's not operational, and that's one full year later. The machines continue to deteriorate even though the staff are doing their best to maintain it. And it seems that the theatre will never be operational because of the way things are going.

(1) Why is this the case?

Northern – Late Delivery of Medical Drugs

The other issue is in regards to an event in 2013, where upon inspection of an infrastructure that was built by your Department, we found it to be very substandard. This was a health transit centre. The contract was awarded to a male nurse, who hasn't been to work for almost five years, but was still receiving a fortnightly salary until I put a stop to it.

This male nurse had no experience in building anything and I can confidently say he couldn't even build a chicken coop but he was awarded a building contract for a warehouse transit centre in my Province, under your Department's watch.

To date, this warehouse is still not built and that male nurse continues to remain the awardee of that contract. He is very evasive like some ministers.

The other issue is a particular logistic firm that has been engaged by your Department. This was prior to you taking the office as the Minister responsible for Health and HIV/AIDS. This particular organisation continuously delivered drugs late.

For example, this month the delivery was six weeks late. This included vital TB medication and we don't need to explain what happens when you don't treat TB in a timely manner. The health of TB patients not only deteriorates but there is a high risk of TB spreading and developing multiple resistance. This becomes a significant worry to us, the people of Northern Province.

(2) Minister, will our people of Northern Province continue to be treated as substandard citizens in this country by your Department?

(3) What undertaking are you going to give us that you will attend to these issues that confronts my people?

Mr ELIAS KAPAVORE – Mr Acting Speaker, I thank the Governor of Oro for his important questions regarding issues affecting the province. I would like to say that the Government will not treat any person in our country as substandard. Everyone has equal fundamental rights to receive quality health care in our country. And that is the commitment of our Government.

On the issue regarding the operating theatre, it is an unfortunate situation that we have to come at this level where our people in Oro did not have access to this important facility in the last couple of years.

07/06

I've just received updated information that this particular contract especially the issues with the air conditioning was, the contract was done by somebody overseas.

So that is the delay but they are in the country now. They are traveling to Oro this week and we should have this particular issue sorted out. I believe before the end of the year, we should have the operators operating so that our people in Oro who are in the towns' vicinity can have access to this important facility.

Secondly, regarding the medical transit store that the governor is referring to, Mr Acting Speaker, this particular issue has been raised several times. Last time this matter was referred, I had a meeting with my department and I want this person to be located. We need to find out where this fellow is.

I believe this fellow is a good case for fraud. He needs to be referred to the police and must be arrested. We should not allow this kind of things to continue to go on, we need to do things properly and I believe this person is a particular case for fraud because of not doing what he was paid to do.

But Governor I like to say that there's another funding that has been allocated. Our team has been to Oro and they've come up with other details that need to be done and they will be coming up with an improved medical transit store for Northern Province.

My apology for what has happened but we need to learn from this and we should not continue to make the same mistake again.

Thirdly, the logistics regarding the distribution of drugs has been an ongoing issue in our country; procurement for medical supplies coming to our country is different. But the distribution and supply of medical drugs to the respective parts of our country is a very difficult task. There are about four main logistic companies currently engaged by the Department of Health. We are currently reviewing all their performance and if there are issues, like the Governor has raised where medicines are not reaching many of the Districts, we need that information so we can make some decision, review them and terminate some of this logistic companies and make new arrangements.

With the support of the Asian Development Bank (ADB) and others, we are now revisiting the current arrangement with regards to supplies and distribution of medical supplies in our country and definitely will be making some change. If there is a need to change and replace some of the current logistic companies, we will do so.

Thank you, Mr Acting Speaker.

Supplementary Question

Delay in Medical Supplies – Kiriwina-Goodenough

Mr DOUGLAS TOMURIESA – My Supplementary Questions is with regards to the contractors delivering the drugs to the electorates.

As you are well aware, Mr Acting Speake, one of the remotest electorates in this country is the Kiriwina-Goodenough electorate. It takes almost 18 to 24 hours to travel from Alotau to the Trobiand Islands.

The continuous delay of contractors delivering the drugs to our electorates, which take almost 3 to 6 months before we actually see the drugs. In so doing we take it on ourselves, the DDA, to purchase much needed drugs to keep our people alive on the island and attend to minor cases as well. Thank God, we have people like Dr Barry who attends to emergencies by flying in with a plane to pick up the patients and take them to the hospital in Alotau.

Mr Acting Speaker, would it be possible to stop third-party dealing and we go directly from the medical health stores to the Districts? We have District Administrators and Health Managers who are already employed there. They can collect the medicine instead of going through third parties and wasting so much of people's money in paying contractors who just sleep and do nothing?

Thank you, Mr Acting Speaker.

Mr ELIAS KAPAVORE – I thank the Member for Kiriwina-Goodenough for this important question regarding again, the distribution and supply of medical drugs in our country.

Our country is diverse and different logistic arrangements must be in place and as I've said, the arrangements are currently under review. We are open to suggestions such as those raised by the good Member and are looking into it.

08/06

Mr Acting Speaker, while I have this opportunity, I would like to say today that the 100 percent medical kits will be procured through the arrangement which NEC approved recently. We now have the 100 per cent medical kits available throughout all the medical stores in our country. For Southern region, it will be at Badili, Highlands region at the Mount

Hagen Area Medical Store, Kokopo in the NGI region and Wewak in Momase region and an outlet in Lae as well.

At the moment, we have the medical supplies especially for the aid posts and the health centers. All the medical supplies are taken again from there and supplied to their districts.

Members of Parliament can consult their PHA to assist whether their medicines have reached those health facilities or not and let us know a so we can track their performances as well, thank you Mr Acting Speaker.

Supplementary Question

Logistics and Distribution – Medical Supplies

Mr Richard Masere – Thank you Mr Acting Speaker, my supplementary question is also in relation to logistics.

Several years ago, the procurement and the award of contracts prior Papua New Guinea taking on the responsibility through the Department of Health was done through AusAID. AusAID had engaged Post PNG, a Papua New Guinean owned entity which is owned by the government to carry out distribution of medical drugs to health centers, aid post and hospitals around the country. This program between Australian High Commission through AusAID and Post PNG was one of the most successful program in ensuring that medical drugs were available in these health centers, aid Posts and hospitals

Since Papua New Guinea took on this responsibility, when Post PNG tenders for this logistics they are told that they did not meet the requirements. It seems strange that a foreign company recognizes Post PNG which is established right across this country in every province that has a post office and has a logistics support back up there. Why isn't our government through the Department of Health recognizing what a foreign government sees and instead are awarding contracts to private companies? Why don't they use our own companies where the money stays with these companies and ensures that our people are employed and that we are progressing forward?

It seems that when we started engaging private companies, logistics have gone backwards. So, can the Minister take this onboard and if he can assure this House that they will look at our local companies like Post PNG in the future to these medical drugs?

Thank you, Mr Acting Speaker.

Mr ELIAS KAPAVORE – Thank you Mr Acting Speaker and thank you to the good member for Ijivitari for this important question on Logistics and the distribution of medical supplies throughout the country. Because of some of these important issues raised by many of our people, we have had some discussions and workshops by ADB and some of our partners we have identified weaknesses in the system.

Definitely we will be publishing some tenders again and Post PNG can also apply, everyone will be asked to apply and we re-visit this initiative and consider some new people coming into the process. So yes, previously this was an initiative by the Australian Government and our Government took over in 2018 and then that is when some of these things changed. It is an ongoing process of review and will make some adjustments. I believe, we can improve from here on.

Government Policy: Funding of Community Projects and Police Operations

Mr PETER O'NEILL – Thank you, Mr Acting Speaker, and thank you for giving me this opportunity to ask a few questions to our good Prime Minister.

Prime Minister, this is about the policy guiding the operation aspect of the Constabulary and as you are aware on today's front page, I am certain that that warrant issued to arrest me for performing duties that I was tasked to do and this complaint came from your Minister for Police in 2014 as he has alluded and that –

Mr Bryan Kramer – Point of Order! Thank you Mr Acting Speaker, while I appreciate the concerns of questions raised by the former Prime Minister, this issue is a matter before the court, court has issued a warrant and so it would not be appropriate this forum or the former Prime Minister to start to raise the merits of his innocence or guilt in relation to this matter. It is a matter for the court, he can argue his innocence or guilt in court.

Thank you, Mr Acting Speaker.

09/06

Mr PETER O'NEILL – Mr Acting Speaker, I have not finished my question and I am not discussing the case at all. I am discussing the issues about the operational aspects of the Constabulary. That is a policy matter that this Government needs to address and clarify to the nation and this is where my question is leading to.

Mr Acting Speaker, this question about Government funds allocated for community projects and of course projects right throughout the country, for many years as we all know and especially you Prime Minister as Finance Minister, many churches and communities right throughout the country write to Prime Ministers and Ministers directly for funding to their communities particularly in health and education –

Mr Bryan Kramer – Point of Order! Mr Acting Speaker, the issues raised in relation to funding projects, churches and communities are matters that are in relation to this investigation and what the Warrant was issued for.

So, while the former prime minister is saying that he is not raising issues into the matter he is actually raising it. If he wants to talk about Police operations and policies he should only be speaking about that and not about his contribution to funding churches and the matters that are now before the Court.

Mr ACTING SPEAKER – The point of order is out of order.

Mr PETER O’NEILL – Mr Acting Speaker, I have not made one reference to this particular case that he is referring to except the complaints made by the Minister for Police who is a custodian of the Constabulary where a serious conflict of interests exists. He is the complainant and he is directing traffic at the operational aspect of the Police work that is going on.

(Mr Bryan Kramer interjecting)

Mr ACTING SPEAKER – Honourable Minister, it would be wise, if you would resume your seat and let him finish the question.

Mr PETER O’NEILL – Mr Acting Speaker, I am just going to my questions.

(1) Is it now the Policy of this Government, that funding of community projects by various agencies at the directions of your Prime Minister and other Ministers or Governors for that matter, is now a criminal offence?

(2) If not; why is your Police Minister going around giving directions to the Commissioner of Police without proper direct evidence, accusing leaders and even departmental heads in this respect?

(3) Is it now a policy of the Government, that the Police Minister is seen as in charge of the police operations, including investigations and attending to crime scenes and directing personnel? If not; isn't it his constitutional duty to develop policies for the Constabulary?

On the 3 September, 2019, the then Acting Police Commissioner, Mr Francis Tokura, a very well respected police officer in our country, wrote to you clearly stating that the Minister for Police continuously is interfering in the administration and operational matters in the Constabulary which are unconstitutional and against the *Police Act*, that was affecting the moral of the police officers in the force.

(3) What actions have you taken so far on this matter?

Thank you, Mr Acting Speaker.

Mr JAMES MARAPE – Thank you, Mr Acting Speaker, the questions are straight forward and are asking for whether projects sanctioned by Governments are illegal or not.

10/06

Without divulging into the specifics of the questions in terms of policy, legitimately sanctioned projects through appropriations that were passed in budgets or through government policies, in my view are not illegal. But, as I said, they are legal compliance in the way projects are secured and procured.

But because funding is approved by a Prime Minister or Minister doesn't necessarily mean that, that is the entire approval process. Every project goes through a chain of process and eventually the contract is secured, job done and services acquired. So every Prime Minister and Ministers sit in through letters delivered all the time.

But, I concur with Member for Ialibu-Pangia, as I said, every Prime Ministers and Ministers business is to take note and allow the system to ensure that it is correctly appropriated in terms of what has been requested for then there are proper mechanisms utilised to ensure that the services are secured for the contracts only within provisions of law.

So that's a bit of clarification here and the matter of Minister for Police versus Police Commissioner is that; the Minister sits at the policy level working policies of Government that will work in totally towards ensuring that police ministry and the police force functions.

All operational matters of police belong to the functions and roles of the Police Commissioner.

I did receive a letter from the current Police Commissioner from Bougainville, Mr Tokura, making allegations, but allegations remain as allegations. I have not been able to be shown clear evidence of the Minister for Police tampering with police operational matters.

These matters remain under the Police Commissioner and the Minister for Police, has a clear demarcation in his role over responsibility and belongs to the area of policy and the area offering advices and ensuring that, that demarcation is clearly maintained as he performs his role now and into the future.

Let me assure everyone in this House that the two clear distinct roles are that; all operational matters come under Police Commissioner and the Minister for Police deals with matters pertaining to policy and how policy influences the way the police force is being managed.

Thankyou Mr Acting Speaker.

Theodore Miriung – Commission of Inquiry Findings

Mr SAM AKOITAI – Mr Acting Speaker, I want to take this opportunity to thank the Prime Minister, for taking a trip to Bougainville with NEC Ministers, especially travelling to Central Bougainville for launching of the Writs of Referendum. The people of Central Bougainville are grateful that you can commit your busy schedule to visit them to witness the event.

11/06

We are thankful that though you were scheduled to represent our country and attend United Nations Meeting in New York but you saw that the issue on Bougainville Referendum was important so you had to stay back. Thank you, Prime Minister.

Mr Deputy Speaker, I direct my question to the Honourable Prime Minister and before I proceed, I wish to preface it first.

Mr Deputy Speaker, during the Bougainville crisis many lives were lost and properties lost or damaged. Many soldiers were also permanently injured or lost their lives and in fact, no amount of money can compensate their sacrifices in Bougainville.

Today, with the peace process that was signed in 2001 and its implementation since then has been the core role between the Autonomous Region of Bougainville leadership and

the National Government. This is because everyone know that the conflict was started by the National Government and the people of Bougainville and therefore, they are responsible for the implementation of the peace agreement.

It is now 23 years since the crisis and I had a call from Bougainville to ask this important question. This crisis was before the current Prime Minister's time but as the Chief Executive Officer of Papua New Guinea, I am sorry that he has to be asked this question. But all in all, as the Prime Minister, he is responsible for our people in Bougainville. At this juncture, I also ask the Minister for Bougainville Affairs and the Deputy Prime Minister responsible for Justice and Attorney-General to take note.

Mr Deputy Speaker, after 23 years since the crisis, the aftermath of this crisis has left irreparable damages physically, spiritually and mentally.

Mr Deputy Speaker, since then ex combatants from the Bougainville Revolutionary Army and other criminal factions who were involved in this crisis have gone through the reconciliation process.

That process included the reconciliation of those who lost their lives in this crisis and after my time as a leader of the resistance, they dug up remains of the people they killed and brought their remains back to the families so that they reconcile with their families and loved ones. This was done between BRA and the Resistance.

Mr Prime Minister it is now 23 years since one of our leaders lost his life; the late Theodore Miriung. A Commission of Inquiry was conducted in 1996 but has not revealed its findings up to today.

Mr Deputy Speaker, in the name of reconciliation and the spirit of forgiveness, my question is:

Can the Prime Minister reveal the findings of the Commission of Inquiry so that our families can make peace and forgive each other for pulling the trigger at each other and put this issue to rest? We just want to know the truth. If you believe that Bougainville should remain with Papua New Guinea, please tell us the truth. This Inquiry will reveal how our leader died. Prime Minister, I am very sorry in raising this concern. Thank you, Acting Speaker.

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Mr JAMES MARAPE – Thank You Mr Acting Speaker, firstly, the Member for Central Bougainville, does not have to apologise when asking questions. You have the right

to ask questions in this House because you have been mandated by your people to represent them in this House. The Prime Minister and the Ministers do not own guns to take up these positions, we are elected by the people to serve them. Therefore, you have every right to ask questions and we are all here as Members to work and deliver services to our people.

In this spirit, I would also like to thank the people of Bougainville for allowing me to address their House of Representatives. In that address, it was just a passing remark but I never knew that it was the first time someone had asked for sorry in their own land; to go back to Bougainville and say sorry for the greater Papua New Guinea. There is always a way of reconciliation and forgiveness. No amount of justification we try to compound or put on will adequately measure the loss that has been felt by our people of Bougainville. And in the spirit of reconciliation that will take place, let me commend in passing the good work done by previous Ministers responsible for Bougainville, and now by the current Minister, Sir Puka Temu, who has done a lot of work with the limited constraints of resources but within the spirit of honouring the 2001 Bougainville and Papua New Guinea Peace Agreement, he took the responsibility very seriously and the Papua New Guinea Government has already travelled twice to the Region.

As a result of these visits to the Region, we are making it our business to ensure that we render to Bougainville what is the rightful due to them and we are now starting to tidy up our back end of the 2001 Peace Agreement. We are now going towards the end of that process but more importantly, prepare for us to launch out after the process of 2001 Peace Agreement is completed and move onto a new feature in which PNG and Bougainville can fully find an amicable meeting point and a solution that is good for both parties, if I can put it this way.

There are still many outstanding issues. The last Government led by the former Prime Minister which I was part of, initiated many good things and steps in the right direction including transferring of substantial shares of Bougainville Copper Mine back to the people of Bougainville. A certain percentage, if I can recall, about 19 percent was quarantined for the Panguna landowners. Our government is now in the process, and when we go to the Region very soon, we will make that commitment and give it back to the Panguna landowners.

What has happened before in Bougainville is in the past. The National Government only held a small share previously but we will return the greater resource back to the people of Bougainville.

On the issue of the Inquiry into the shooting of Bougainville leader, Theodore Miriung in 1996, I have now asked the Deputy Prime Minister to bring forward all outstanding inquiries including this inquiry and hopefully at the earliest, we can table this as part of our November activities in and out of the region including our proposed reconciliation program.

When we were in Buka for the JSB and subsequent NEC Meeting it was quite emotional. When we were discussing issues on Bougainville, very strong Ministers in the Cabinet broke down in tears because we came to understand that there was a breakdown in communication between Papua New Guinea and Bougainville over a long period of time including some of these legacy issues that we are trying to clean up.

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So, I want to assure the Member for Central Bougainville and the people of Bougainville that the inquiry into the killing of the leader as well as other findings of the inquiry will also be investigated and brought back to the island with funding when we discuss and engage to an event of reconciliation. Minister Temu, myself and other Members of Parliament will be part of the team to Bougainville hopefully in November this year.

We are looking forward to concluding the referendum in its fullest as intended for in the Bougainville Peace Agreement. And we hope to come out of the process that we mutually agreed to in the agreement, in which both Bougainville and Papua New Guinea are satisfied with as we find a way to go forward. Thank you, Mr Acting Speaker.

Supplementary Question

Return Ex-Combatant

Mr HENRY LEONARD – Thank you, Mr Acting Speaker. I also want to further raise supplementary question on the Peace Agreement in Bougainville. Before I do that, I want to give a brief background in relation to what I will be raising.

During the height of the Bougainville crisis, there were a number of PNG Defence Force personnel that were actually captured by BRA and imprisoned in the interior or hinterland of Bougainville. Amongst them, was a particular officer from my district, who was in the Recon Platoon operating behind enemy lines providing intelligence for the Defence Force. He was captured and locked up in one of the remote villages.

While he was there, he was very fortunate enough to escape with the help of some Bougainvilleans. They allowed them to escape and he came out with one particular Bougainvillean. They were welcomed by the Papua New Guinea Defence Force and even by the Papua New Government. They were accorded a hero's welcome in Wewak and also here in Port Moresby.

At the moment these two persons are in my district. As a leader involved in the Bougainville Bipartisan Committee, I have a heart for this fellow Bougainvillean right there in my district. He's been there for well over 20 years.

I asked him before becoming a Member of Parliament why he cannot go back. And this what he told me, "If I go back, I will be killed by my own people because of what I did to the enemy."

So, this is the issue, Mr Acting Speaker, during this peace, reconciliation process, as a leader of the district, I would like to see this person return back to Bougainville. His life must be protected.

My question to the Prime Minister is, what can we do about this person? How can we bring him back to Bougainville? Can he be part of the peace agreement? While we are addressing the real issue for Bougainville, can we return this person back?

He is not dead, he is alive and his parents and relatives need him back so what can we do to bring him back? Thank you.

Mr JAMES MARAPE – Thank you Acting Speaker. The Member for Samarai-Murua is just giving us a snapshot preview into some of the details of what was a very dark chapter in our nation's history. We don't want to take our nation back down that road.

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That is why some of the proposed resource laws we are talking about must become laws to ensure people are looked after better, going into the future.

Mr Acting Speaker, if we tell all the stories, there are many similar stories that pop up on both sides. For instance, there is a story from my electorate where a person chose to remain in Bougainville, fight with BRA, live with BRA and when he died he requested them to bury him upside down and he was buried upside down. He was from Hela my electorate who stayed back and fought alongside them.

Mr Acting Speaker, this crisis has crossed many boundaries, Bougainvilleans against Bougainvilleans, Papua New Guineans against Papua New Guineans and the divide was there but the healing has started to take place. The scar will be there permanently but we must work in our best interest to continue to bridge the divide by sharing love, care, kindness and sincere forgiveness.

Mr Acting Speaker, I appreciate the wisdom of Sir Puka Temu who is allowing the Council of Churches to lead in the process of reconciliation. This process has started with Bougainvilleans amongst themselves and coming thus far. It is never too late to utter the words forgiveness and say I am sorry.

There is a specific program Sir Puka Temu is embarking upon depending on funding. We are trying to take some families from the PNG side who have lost loved ones and we also have right across the country cemeteries of soldiers who have fallen during this crisis as legacies, remains or remnants of the crisis we have had so we will heal.

Mr Acting Speaker, lets for while put that individual story aside and I encourage the Member to converse with the Minister of Bougainville Affairs to find a way. But micro programs can run within the context of the bigger reconciliation program that is happening between Bougainvilleans themselves and PNG.

Mr Acting Speaker, I am hopeful that we will find a right spot in which a deeper meaning of reconciliation to take place and allow us to carve out a better future going forward.

Mr Acting Speaker, yes, we felt some pain in Papua New Guinea but may I say with no element of biasness that the greater pain was felt by the people of Bougainville. For that, we forever sympathise and say sorry.

That is why our Government has put a specific budget in the Supplementary Budget for Bougainville and next year, we will also do the same including SME interventions. Lest we forget, everyone sitting here that it was through the Panguna Mine that some of us are standing here speaking as educated and civilised Papua New Guineans today. We owe it to them and we have to give it back to them and build that place up.

I intend under my watch not only speak but honour words spoken and ensure that, that place is resuscitated in its fullest economic wise and ensure that the people are prosperous and progressing well.

Mr Acting Speaker, it is my prayer that hopefully over time, we can slowly but surely eliminate the painful memories in our nation's history and the Bougainville crisis.

I ask the Member to work with Sir Puka Temu to specifically address that issue where that young man, 20 years on, can find some peace as we close that part of the chapter of his life. Thank you, Mr Acting Speaker.

15/06

INCOME TAX (PAPUA LNG PROJECT) (AMENDMENT) BILL 2019

First Reading

Bill presented by **Mr Kerenga Kua** and read a first time.

Second Reading

Leave Granted to move the Second Reading forthwith.

Mr KERENGA KUA (Sinasina-Yonggamugl – Minister for Petroleum) – I move –
That the Bill be now read a second time.

Leave Granted.

Mr Acting Speaker, I introduce into this Honourable House for approval 10 Bills for Acts that are required to be approved by the Parliament by the terms of the Papua LNG Project Gas Agreement. That agreement, Mr Acting Speaker, was signed on behalf of the State on 9 April 2019 at the pretext of the previous government and has been accepted a bit reluctantly the National Executive Council of the present government.

This presentation will be unusually long, Mr Acting Speaker, because of the large number of bills involved. When these bills are passed into laws today will allow the Papua gas project to proceed at full speed.

I therefore ask your indulgence, Mr Acting Speaker, and that of the Honorable Members of this House. The ten bills are as follows:

- (1) Income Tax (Papua New Project) (Amendment) Bill 2019;
- (2) Income Tax, Dividend Withholding Tax and Interest Withholding Tax Rates (Papua LNG Project) (Amendment) Bill 2019;
- (3) Stamp Duties (Papua LNG Project) (Amendment) Bill 2019;

- (4) Goods and Services Tax (Papua LNG Project) (Amendment) Bill 2019;
- (5) Excise Tariff (Papua LNG Project) (Amendment) Bill 2019;
- (6) Customs Tariff (Papua LNG Project) (Amendment) Bill 2019;
- (7) Resources Contract Fiscal Stabilization (Papua LNG Project) (Amendment) Bill 2019;
- (8) Insurance (Papua LNG Project) (Amendment) Bill 2019;
- (9) Prices Regulation (Papua LNG Project) (Amendment) Bill 2019; and
- (10) Konebada Petroleum Park Authority (Papua LNG Project) (Amendment) Bill 2019.

Mr Acting speaker, I refer to these 10 Bills together, in their entirety, as the Papua LNG Project Amendment Bills.

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It would, Mr Acting Speaker, be somewhat of an understatement to say that there was much public and political angst over the un-seemingly haste by which the Papua LNG Gas Agreement was signed in April of this year, just before this Government came into office and we would have liked to have had the opportunity to review it and digest its implications for our Nation and its Oil and Gas sector. But that was not to be.

Mr Acting Speaker and it is ironic that by the terms of this agreement for which we have had no input that we are now compelled by those very terms to bring these bills before this honourable House to have them adopted.

But nevertheless, Mr Acting Speaker, I understand full well my responsibilities as a minister of this government and the government knows full well its responsibilities and together we will do the bidding of the previous government because Mr Acting Speaker, we in this government recognise that there is a need to move on, to put the negotiation phase of the Papua LNG Project to bed and bring on development and construction and, after a few years, operation. This will enable our nation and our peoples can grasp the ultimate prize of this project's promised benefits and riches after the wasteful years of the O'Neil Government.

So Mr Acting Speaker, we are doing the right thing and meeting our commitments in good faith and *Section 12.1* of the Papua LNG Gas Agreement compels me, Mr Acting Speaker, as the responsible minister to introduce and sponsor these bills in this chamber to change our laws as schedule 6 of that agreement specifies. I emphasised our hands were tied by this gas agreement on the form and content of these bills.

These Papua LNG Project amendment bills, Mr Acting Speaker, were required to deliver to the Papua LNG parties concessions that the previous government had promised them and others were designed, at the cost of the State, to redress unfairnesses and inequities befalling the Papua LNG participants arising from the project's ownership structure.

But other changes to our laws, Mr Acting Speaker, were made to simply follow what the PNG LNG Project was given in the years before.

Mr Acting Speaker, *section 12.1* of the Papua LNG gas agreement and its schedule 6 require that this Parliament to pass the 10 Papua LNG project amendment bills into law.

There are quite a few amendments, Mr Acting Speaker, and I crave your indulgence while I run through the gist of them and the reasoning behind them.

Needless to say Mr Acting Speaker, they are the culmination of negotiation efforts on the part of the previous government over terms the gas agreement.

Mr Acting Speaker, it would be remiss of me if I did not say that the government, notwithstanding its regrets over the timing of the execution of the Papua LNG Gas Agreement, truly appreciates the efforts of our public servants, members of the SNT (State Negotiating Team) and their back-up. We thank them for their dedication and commitment, even if much of their work was not taken up by the previous government in the resulting agreement.

However, Mr Acting Speaker, let me express this government's hope and expectation that in the not too distant future, we can give our state negotiators a better model to work with than the present *Oil and Gas Act* and related fiscal measures, a framework from which the benefits flowing to the State are real and tangible and are there to be counted and held in our hands and where the risks to the State are materially diminished whether State borrowings to effect a "buy-back" will also be a thing of the past. That is what the future offers, Mr Acting Speaker but now I deal with the present.

1. Income Tax Act Amendments

The first of these Papua LNG Project amendment bills, Mr Acting Speaker, is the Income Tax (Papua LNG Project) (Amendment) Bill 2019. I will refer to this as the 'Income Tax Bill'.

Section 1 of the Income Tax Bill amends the definition of 'gas operations' in *Section 4(1)* of the *Income Tax Act 1959* to include the Papua LNG Project and Papua LNG Project operations.

The effect, Mr Acting Speaker, of this amendment is that the Papua LNG Project will benefit from a 'project' basis of assessment as a person who carries out 'gas operations or derives assessable income from gas operations, pursuant to a Gas Agreement entered into under the provisions of the *Oil and Gas Act 1998*.

Moving on, Mr Acting Speaker, *Section 1* of the income tax bill also amends the definition of 'assessable income from gas operations' in *Section 4(1)* so that for the sale of Papua LNG Project gas, the taxpayer's assessable income from gas operations shall be calculated using the actual price obtained by the taxpayer for the sale of that gas rather than by reference to the price determination provisions provided under *Section 158* of the *Oil and Gas Act*.

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This means, Mr Acting Speaker, that no longer does *Section 158* of the *Oil and Gas Act* will determine what a person's income is from the sale of gas for income tax purposes, but now that income is to be determined by reference to the actual price received by that person, taxpayer, from the sale of its gas.

The next amendment to the *Income Tax Act 1959*, Mr Acting Speaker, appearing as *Section 2* of the Income Tax Bill, is designed to effect fiscal neutrality among the project owners arising from their ownership structuring of the Papua LNG Project into two separate joint ventures, one unincorporated and the other incorporated. It does this by amending the *Income Tax Act 1959* by inserting a new *Section 11(b)*.

What this new *Section 11(b)* does, Mr Acting Speaker, is ensure that notwithstanding the double joint venture structure, one part unincorporated and the other incorporated, the Papua LNG Project will nevertheless be treated for income tax purposes as an integrated designated gas project, being the one unincorporated joint venture, not a project having two separate joint ventures and two separate sets of taxpayers, which might lead to double taxation liabilities.

Finally, Mr Acting Speaker, the pass through feature of this new *Section 11(b)* of the *Income Tax Act 1959*, namely treating the project of two joint ventures as the one integrated designated gas project, shall also apply in determining whether a Papua LNG Project participant's interest deductions are from debt exceeding 300 per cent of the equity, or not.

Now, Mr Acting Speaker, I turn to the interest income exemption for non-resident lenders to the Papua LNG Project.

Section 3 of the Income Tax Bill, amends the Interest Withholding Tax exemptions under *Section 35(2)* of the *Income Tax Act 1959* to include any interest income derived by a non-resident lender under or in connection with any financing of the Papua LNG Project made available to any project entity or affiliate of any project entity.

Without this exemption Mr Acting Speaker, the interest payments to a non-resident lender may be subject to income tax and withholding tax under the *Income Tax Act 1959*.

Mr Acting Speaker the next amendment to the *Income Tax Act 1959* I wish to mention appears in *Section 4* of the *Income Tax Bill*.

That section amends *Section 42* of the *Income Tax Act 1959* so that the dividend withholding tax exemptions under that section include any dividends that are paid or credited or sourced from income from Papua LNG Project operations.

The next amendment I wish to highlight derives from the fact that the Papua LNG Project may wish to have access to, and use, the PNG LNG Project's downstream facilities at Lealea. In this case, the Papua LNG Project will pay the PNG LNG Project entities a consideration for the access to and use of those PNG LNG Project downstream facilities.

By *Section 7* of the Income Tax Bill, the definition of 'allowable capital expenditure' under *Section 158(d)* of the *Income Tax Act 1959* is amended to confirm just that, in relation to the Papua LNG Project, allowable capital expenditure includes any such access and use payments relating to the PNG LNG Project downstream facilities where incurred pursuant to any commercial arrangement entered into between the taxpayer and a PNG LNG Project company.

Next, Mr Acting Speaker, I wish to mention additional profits tax.

By *Section 8* of the Income Tax Bill, the rate of additional profits tax under *Section 159(c)* of the *Income Tax Act 1959* for Papua LNG Project participants is set at 15per cent.

Now, Mr Acting Speaker, I come to the second of the last of the amendments to the *Income Tax Act 1959* dealing with Kumul Petroleum Financing.

The Papua LNG Gas Agreement provides that the participants will offer to the state, Kumul Petroleum or such other state nominee, certain financing. This is called the 'Kumul Financing' and to facilitate this, *Section 9* of the Income Tax Bill amends the interest withholding tax exemptions under *Section 186(4)* of *Income Tax Act 1959* to exempt the receipt of any interest paid under any such kumul financing from Interest Withholding Tax.

Mr Acting Speaker, I have come to the last of the amendments to the *Income Tax Act 1959*.

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In order to be consistent with the determinations of the Organisation for Economic Cooperation and Development (OECD), Section 10 of the Income Tax Bill amends Section 197A of the *Income Tax Act 1959* with the effect that the transfer pricing provisions in Division 15 of the *Income Tax Act 1959* shall, in connection with the Papua LNG project, be interpreted consistently with the OECD's transfer pricing guidelines for multinational enterprises and tax administrations.

2. Withholding Tax Rates

The second of these Papua LNG Project amendment bills is the Income Tax Dividend (Withholding) Tax and Interest (Withholding) Tax Rates (Papua LNG Project)(Amendment) Bill 2019.

The previous government accepted for the purposes of the negotiations that the Papua LNG Project was not a project to which fiscal stabilisation under the *Resource Contracts Fiscal Stabilization Act 2000* should apply. Had it applied then the rate of tax relevant to that project would have increased by 2 per cent.

By this Bill, Mr Deputy Speaker, Section 4(2) of the above rates Act is amended so that the additional 2 percent rate is no longer applicable to the Papua LNG Gas Agreement.

3. Stamp Duties Act 1952

The third of these Papua LNG Project amendment bills is the Stamp Duties (Papua LNG Project) (Amendment) Bill 2019. I will refer to this as the 'Stamp Duties Bill'.

The amendments proposed for the *Stamp Duties Act 1952* involve any future proposal to restructure the Papua LNG Project.

There are 3 of these amendments and with your leave, Mr Deputy Speaker, I propose to address each of these in turn.

First, Mr Deputy Speaker, I will address the acquisition and constructive ownership provisions of the *Stamp Duties Act 1959*.

Division 10a of the *Stamp Duties Act 1952* imposes liability for duty when certain 'relevant acquisitions are made by a person, generally being the acquisition of a majority interest (or an interest that, when aggregated with other interests, results in a majority interest) in a landholding private corporation.

Section 3 of the Stamp Duties Bill, amends that Division 10a by repealing and replacing Section 78j so that by the new section, a private corporation that is a shareholder in the Papua LNG Project company shall be taken to hold an interest in land or other property

held by the Papua LNG Project company. The effect is that the constructive ownership provisions of Division 10a do not apply to this circumstance.

Second, Mr Deputy Speaker, I will address the need for exemption from stamp duty as may arise under the *Stamp Duties Act 1952* for ownership restructures of the Papua LNG Project. A project restructuring is always a possibility, but whether it is a probability is a matter for the project owners at the first instance.

Section 4 of the *Stamp Duties Bill* amends the *Stamp Duties Act 1952* by inserting a new Section 81E to exempt from stamp duty any transaction or document giving effect to a restructuring of the Papua LNG Project and which effectively results in a transfer of property. This includes transfers between the Papua LNG Project Company and the project participants, transfers to the state nominee and transfers from project entities to affiliates of same.

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4. Goods and Services Tax Act 2003

The fourth of these Papua LNG Project amendment bills is the Goods and Services Tax (Papua LNG Project) (Amendment) Bill 2019. I will refer to this as the ‘GST Bill’.

Mr Acting Speaker, other than for amendments to definitions, there are three proposed amendments here.

The first of this proposed amendment is necessitated by the fact, Mr Acting Speaker, that as mentioned previously, the Papua LNG project is structured under two joint ventures; Unincorporated and Incorporated.

By *Section 2* of the GST Bill, *Section 12* of the *Goods and Services Tax Act 2003* is amended to exempt from GST supplies of goods by a Papua LNG project participant to the Papua LNG company or vice versa.

In other words, goods supplied by one to the other will not be subject to GST. Importantly, however, the entitlement to claim a deduction for GST paid of the person making the supply is not affected.

The second of this proposed amendments, Mr Acting Speaker, is to *Section 19(1)* of the *Goods and Services Act 2003* and provides that like certain other exported goods, the export by the Papua LNG Project of petroleum, which by definition, Mr Acting Speaker, includes gas is zero rated for GST purposes.

This is achieved by *Section 3* of the GST Bill whereby *Section 19(1)* of the *Goods and Services Act 2003* is amended so that the zero percent rate is applicable to the supply of Papua LNG Project petroleum that is exported by any person whether under that supply or another supply or otherwise.

Mr Acting Speaker, the third and last of this proposed GST amendments is effected through *Section 4* of the GST Bill. It amends *Section 21(1)* of the *Goods and Services Tax Act 2003* by providing that the zero per cent rate applies to the supply of goods or services other than cars to Papua LNG project entity or to Papua LNG project operations delegate that is a resource company solely for use in carrying on its resource operations.

5. Excise Tariff Act 1956

The fifth of the Papua LNG project Amendment Bill is the Excise Tariff (Papua LNG Project) (Amendment) Bill 2019.

This Bill amends the *Excise Tariff Act 1956* which in *Section 2* imposes Excise Duty on manufactured in or imported into Papua New Guinea.

It does so by adding a new *Section 3C(2)*, which provides that Excise Duty does not apply to Papua LNG project goods and consumables other than cars manufactured in or imported into Papua New Guinea.

To provide certainty to protect participants, this new *Section 3C(3)* provides that the terms of the Papua LNG Gas Agreement takes precedence over the provision of the *Excise Tariff Act 1956* or the *Excise Tariff Act 2009* to the extent of any conflict between their respective terms.

6. Customs Tariff Act 1990

The sixth of the Papua LNG project Amendment Bill is the Customs Tariff (Papua LNG Project) (Amendment) Bill 2019. This Bill amends the *Customs Tariff Act 1990* which in *Section 22* imposes Customs Duty on all goods imported into Papua New Guinea.

The Bill achieves this by adding a new *Section 9C(2)* to the Act which provides that Customs Duty will not apply to goods, other than for cars imported into PNG by any persons solely for the purposes of construction of the Papua LNG Project facilities.

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To provide certainty to the project participants once more, new *Section 9C(3)* provides that the terms of the Papua LNG Gas Agreement take precedence over the

provisions of the *Customs Tariff Act 1990* to the extent that of any conflict between their respective terms.

Mr Deputy Speaker, the seventh Papua LNG Project amendment bill is the Resource Contracts Fiscal Stabilization (Papua LNG Project) (Amendment) Bill 2019.

7. Resource Contracts Fiscal Stabilization Act 2000

The seventh bill is the Resource Contracts Fiscal Stabilization (Papua LNG Project) (Amendment) Bill 2019

The *Resource Contracts Fiscal Stabilization Act 2000* provides for the state to enter into agreements to guarantee the fiscal stability of long term resource projects.

Under the Papua LNG Gas Agreement, the state and the Papua LNG Project participants have agreed to enter into a fiscal stability agreement under the resource contracts *Fiscal Stabilization Act 2000* in relation to the Papua LNG Project.

Mr Deputy Speaker, this Bill amends the *Resource Contracts Fiscal Stabilization Act 2000* by inserting a new section 6 by which the Papua LNG Project Fiscal Stability Agreement entered into between the state and the Papua LNG Project participants in respect of the Papua LNG project now has the force of law notwithstanding anything in any other law.

8. Insurance Act 1995.

Mr Deputy Speaker, the eighth is the Insurance (Papua LNG Project) (Amendment) Bill 2019. I will refer to this as the 'Insurance Bill'.

The *Insurance Act 1995*, among other things, licenses insurers, brokers and loss adjusters and also provides that, risks situated in Papua New Guinea can only be insured with licensed insurers.

Section 2 of the Insurance Bill provides that *Section 17* of the *Insurance Act 1995* is repealed and replaced with a new *Section 17*, the effect of which is to provide that the existing licensing requirements, now repeated in the new *Section 17*, do not apply to Papua LNG Project entities or contractors.

Section 3 of the Insurance Bill inserts a new *Section 18(b)* into the *Insurance Act 1995* which provides that other than for workers' compensation insurance, nothing in the *Act* prevents or restricts a Papua LNG Project entity or contractor from obtaining insurance from an unlicensed insurer or broker in relation to the Papua LNG Project or operations.

Section 4 of the Insurance Bill amends *Section 36* of the *Insurance Act 1995* by providing that, apart from workers' compensation insurance, the prohibitions contained in

that Section 36 of that Act against insuring PNG risk other than through a licensed insurer shall not apply in respect of the Papua LNG project or Papua LNG project operations.

9. Prices Regulations Act 1949

Mr Deputy Speaker, the ninth bill is the Prices Regulation (Papua LNG Project) (Amendment) Bill 2019.

Section 10 of the *Prices Regulation Act 1949* permits the minister to declare that specified goods and services are 'declared' goods and services and, as a consequence, *Section 21* of that *Act* empowers the setting of the maximum price at which those goods may be sold or those services provided and permits the fixing by the state of such maximum prices.

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By *Section 2* of the Bill, Mr Acting Speaker, that *Section 10* amended to explicitly provide Papua LNG Project participants and Papua LNG Project operations cannot be declared goods or services for the purposes of that *Act*.

10. Konebada Petroleum Park Authority Act 2008

The tenth and last of the Papua LNG Project amendment bills is the Konebada Petroleum Park Authority (Papua LNG Project) (Amendment) Bill 2019.

The *Konebada Petroleum Park Authority Act 2008* established the Konebada Petroleum Park Authority and gives authority, power and control over the land within the Park.

Mr Acting Speaker, *Section 2* of the Bill amends the *Konebada Petroleum Park Authority Act 2008* by inserting a new *Section 4(b)*. The effect of which is to exclude the Papua LNG Project, its area, its asset, its operations and its products from the effect and operation of that *Act* and to provide that the powers and functions of the authority do not apply to them.

Mr Acting Speaker, I have now come to the end of this explanation of the contents of the Papua LNG Project amendment bills, namely, the 10 Bills as here detailed by me and the reasons for them.

For the avoidance of doubt, Mr Acting Speaker, by introducing bills, we are not attempting to evade any of our existing laws. We are not giving away so much. The open book economic modelling done by our negotiators demonstrates that the state will take 51 per cent of the total revenue generated in the Papua Gas Project.

In any commercial agreement, there have to some give and some take. This bills show that, we will give on the one hand but we know that in giving this, we will be taking the majority of the revenue generated by this particular project.

I thank you and the Members present for being so patient with me as I went through this particular speech.

Mr Acting Speaker, as required by the terms of the Papua LNG Project Gas Agreement, Speaker, I now commend these 10 Bills to the Chamber and move that they be adopted and passed by the Honourable Members.

Thank you, Mr Acting Speaker.

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

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Kerenga Kua**) proposed –

That the Bill be now read a third time.

Mr CHARLES ABEL (Alotau – Minister for Finance) – Thank you, Mr Acting Speaker, for recognising me to take this opportunity to debate on the very important bills before us pertaining to a very significant project that has been progressed through a series of stages in quite a complex progress. And this is part of that process, it is not a conclusion of that process and I want to emphasize that.

I take this opportunity to commend the Minister for Petroleum, and of course the Honourable Prime Minister James Marape and the Members of the government caucus for the approach that has been taken to this project.

When you have a new government coming in, it's only natural that you want to scrutinize things particularly if they are of financial and economic significance to the country.

One cannot fault the approach taken to review the negotiation processes and review the outcomes of this negotiation.

Mr Acting Speaker, no agreements and negotiations are perfect in their entirety, but I want to say that we have followed the due processes and we always do our best. I say this as the chairman of the oversight ministerial committee as mandated by the Cabinet to work with the state's negotiating team to progress this project as part of the economic plans that we had to give some life back to our economy.

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We did in the context of a situation where having learned from the first PNG LNG Project, we brought that experience to the fore but also understanding that since that project over 10 years, successive Papua New Guinean Government have failed to deliver any significant foreign direct investment projects for the last 10 years. The reality is that our small economy continues to rely on such projects while it continues to grow towards this more diversified economy.

We have all these wonderful resources at hand, it is always incumbent on the Government to create these opportunities as best as it can in the interest of our people.

Mr Acting Speaker, the bottom line is, we have gone through a negotiation process as was directed by Cabinet to look at the experience of the PNG LNG Project and to come up with some kind of improvement on that.

We wanted it to be less risky for us and we wanted earlier cash flow to cost less to the State and a domestic market obligation to come from this project so few local industries, we wanted a better royalty condition for our landowners and we wanted an increase production take out of this project. We took those directives out of Cabinet into these negotiations, knowing full well that we got provisions in the existing law which we are addressing today at the same time we were bringing into negotiations of provisions that were not in the law. We were bringing extra provision to negotiate with our developers.

The bottom line is that we had to find a balance there so that we still have an economic project for everybody concerned particularly for those who are bringing US\$13 billion to invest in Papua New Guinea. We had to create some sort of fiscal certainty and framework so that they will feel confident to come here and that they will be getting some sort of benefit out of the project. We did this so Papua New Guinea can improve on the first LNG Project at the same time still have a viable and successful outcome.

We put all these things through the negotiation process and the bottom line is that we will be getting 51 percent in the next free cash flow after all these things are digested through the Gas Agreement subject to offcourse the other requirements still at hand.

The development forum process has to take place. The licensing process still has to take place through the Department of Petroleum. The Environment concerns still have to be addressed to come to this final decision process that will take place.

Mr Acting Speaker, we are in what I would call a development stage process where we are slowly and gradually improving the terms and conditions of this agreement. It is creating opportunity for better improvement in the subsequent project.

So we had a very valuable experience from the PNG LNG Project. Not to say that the PNG LNG Project was bad. In the circumstances of that time, it was well negotiated. The result of that project despite the massive earth quake and oil prices below \$50 dollars has still delivered K10 billion in five years in Papua New Guinea. That is the truth.

This Papua LNG Project is even better than that. I know through the directions of our good Prime Minister and this Government they will be looking to improve even further on potential projects on the horizon such as P'nyang. We have a new player that is seeking to enter the Papua New Guinea market which is Total and it's a global major in the world with projects all around the world. Together with Exxon Mobil we now create some what a competitive tension between the two projects. This gives us the opportunity to negotiate better with this current project and even better on the next one as a result of having two majors now in Papua New Guinea.

Mr Acting Speaker, I commend the Minister and our Government that the signal that we are sending is vital to the investment community that this country negotiates agreements in good faith with good partners and at the end of the day our Government sticks to those commitments. It scrutinizes them and continues to express its desire that we get the best deal for Papua New Guinea. We see the tangible benefits from our resources particularly the landowners, provincial governments and offcourse the National Government and our people.

This signal is very important where this project too is critical. It is going to bring US\$13 billion to the country, improve foreign exchange, creating thousands of jobs over 4 years in the construction period and the lever as long as all prices don't fall below \$65 dollars a barrel to K2 billion a year into the PNG budget. That is the outcome of negotiations.

Some of the amendments are rather technical and they can be a little bit scary and alarming. But I want to assure this House and the people that the benefits of these projects are significant, are real and are good. They couldn't get any better than what is here before us.

23/06

We can allow public servants to procrastinate and have meetings after meetings and go another ten years with no projects or we get practical, sit down and negotiate in a time frame like business people do and we deliver and improve the outcomes for Papua New Guinea.

And I believe this has happened here, Mr Deputy Speaker, it will give an opportunity for the new government to negotiate even better terms as I've said driving into projects like Wafi-Gofi and P'nyang and even the expansion of the existing PNG LNG project and other resource projects.

Papua New Guinean learning is getting smarter but I think of course, we still need to endeavor to get the best deal from our resources. So, I commend the Minister once again and have my total support and I can assure the Floor that my involvement on my point of view, this is an improve outcome for Papua New Guinea and it will be the beginning of a further economic investment cycle and boom that many observers internationally and locally are looking at to make their mind about the investment decisions they have been considering and the prospects for Papua New Guinea which are so bright.

The resources that we have, we commend this construction phase. The PNG LNG project is going to be taking too long. It's going to be 2024, 2025 doubling the revenue from PNG LNG.

If you initiate other construction phases with the other projects coming on line, you better wonderful economic platform going forward for our people.

And that is precisely what I tell the international community in the 68 or so meeting I addressed to international investors and told the prospects of what is happening in our country and what are its wonderful benefits. And how we are learning in ultimately in the interest of our people that we negotiate this project and ultimately, we don't want to be relying forever on an endless series of resource project.

But it gives us the revenue stream to invest into the underlying enablers for much broader based and long-term economy with significant increase revenue flows. They don't

just rely on having constant large investment projects but on nonrenewable resources and we always remind us in that context.

So I commend the government and thanks so much for the leadership of Prime Minister Honorable James Marape, Cabinet and the understanding of the caucus and the good Minister for Petroleum in bringing forward this stage of the project which is incomplete. As I've said earlier, there are still series of opportunities on the way for the State to continue to review some of the arrangements. Thank you, Mr Deputy Speaker.

Mr CHRIS HAIVETA (Gulf) – Thank you Deputy Speaker. Deputy Speaker, I would like to say a few things as the host province of this project.

Firstly, I would like to thank the former O'Neill-Abel Government and the Minister responsible, Honourable Fabian Pok and those others who have worked as a team to get the agreement under difficult circumstances to reach an agreement with Total and partners paving way to sign the agreement.

Secondly, I would like to thank the new Prime Minister James Marape and the Cabinet and the Minister for Petroleum for the hard times they had to review for the negotiation process and the agreement and today, we brought some changes into the country's constitution rise the project to go forward.

Mr Deputy Speaker, I don't have much to say. I have already put in all my thoughts during Caucus today. So, out of these, I want to raise only three things where I think they are very important for the government and the country to be aware.

(1) The National Government has the powers to legislate laws. This is quite different from provincial laws. As I have asked the Minister during the Caucus, can you check thoroughly what are our legislating powers are for Gulf Province, National Capital District and Central Province are because they are affected by this project and whether our provincial law making powers are taken away by the *Gas Act* or not as a result of these changes that is being presented on this Floor of Parliament.

24/06

So this is important because *Organic Law* gives us the powers to make laws and that the provinces can excise this to the fullest within our powers. That's number one discussion I want to say.

(2) All these laws are in favour of the company and the Government had taken them on board to prepare the agreement but the landowners, Provincial Governments and generally for future projects if we said we learned from the PNG LNG experience, where are the amendments? I have heard you and I have taken commitments from Prime Minister and by November, these amendments will come in and I want you to specifically omit the section on *Oil and Gas Act* where the Gas or Petroleum agreements have the force of law. How can the commercial agreements have the force of law? Only one law should cater for this and it should be *Oil and Gas Act*. You cannot make agreements that has force of law, that's wrong. So I want to tell you directly to please remove that and bring in the amendment in November.

(3) Give Provincial Government development levies directly because it does not belong to National Government. Give royalties directly to the landowners and the trustees, it's not for National Government.

Today, K300 hundred million to K400 million is with the State, it's supposed to go to Gobe but they haven't identified landowners and they are there in court. Their royalties are sitting there and I believe over K120 million has been stolen by the State. We have to cut this practice out.

In the PNG LNG project proceeds from equity, there's at least K300 million sitting in the Central Bank and that needs to go to the trustee companies and National Government hasn't handed this over.

Mr Acting Speaker, these are the amendments that we need to make in order to protect our interests. Minister for Petroleum please take note, I am not happy with one of the amendments which you brought in and it is *Section 21* for GST. The amendment number 4 which you brought in where it talks about zero rated goods and how comes you included GST for cars only. Does Papua LNG require car in the projects or do they also need other machines?

The National Government wants to omit the tax and that's fine but what about the taxes on all the other goods and services. Would there be certain percent tax revenue benefits for Gulf Provincial Government, Central Provincial Government and National Capital District? I am asking if the National Government could look into this.

25/06

Last but not the least, production levy. It is okay, we have already put it in the agreement but I want you to make amendments to the *Oil and Gas Act* and bring it in so that

it is legal and within the law. At the moment, it is not within the law but only a commercial agreement.

Mr Acting Speaker, in all those concerns, I have nothing further to say but I wish to asked the Parliament to support the Minister and the Government because they are in the new path so lets help make this happen. Thank you, Mr Acting Speaker.

Dr FABIAN POK (North-Wahgi) – I want to thank both the Minister for Petroleum and the Prime Minister from bringing these amendment bills because they give confidence to the developers to develop this project. I am the one who signed this agreement and many people thought that it had a lot of defects but today it confirms that when the three consultants prepared the agreement, it was proposed that Papua New Guinea will have 52 percent stake while the developers will have 48 percent. I was ready to sign the agreement then and that is why we have signed this agreement. When you look at it in totality, Papua New Guinea for the first time in any project is getting more compared to the developer in the total revenue and I am happy that the Minister for Petroleum has confirmed it where 51 percent to Papua New Guinea and 49 percent to the developer

The consultants from the Treasury plotted all the takings and the different aspects of the gas agreement. They said we will get 52 percent of the total tax for the project and the developers will get 48 percent. Now, the Minister stated that we will have 52 percent and the developer will get 49 percent, a difference of 1 per cent and that is why we signed the gas agreement for the first time in the history of Papua New Guinea we have not waisted a deal. We can negotiate, but I thank the current Minister for Finance that we have negotiated for 60 percent but eventually came down to 52 percent for the country.

Some of the highlights of the gas agreement are:

(1) We have seen what PNG LNG has gone through and that is why when you look at this agreement, we are now not talking about going and borrowing because the developments are going to carry PNG and this is the fact.

In PNG LNG, we have borrowed from IPIC and now we are going through this problem because we borrowed to repay IPIC and that is why we are discussing it in Parliament. But in the Papua LNG agreement, Total and Oil Search will carry at 7 percent interest rate. However, there is a clause in the agreement that in the event that the Government and the Kumul Petroleum funds the interest rates which is lower than 7 percent,

Total will release its obligations. That is why we now not talking about stretching ahead because the country at this time cannot afford to go and borrow thus mortgaging the country.

(2) When you look at the things like drilling cost, we are supposed to pay 22.5 percent of drilling cost or K700 million up front. Because we don't have the money, we have asked the company whether we pay five years after the first gas export and they have agreed. That is why we are not going out borrowing. These are some of the things that we have done because we have seen the experience of what the country is going through.

(3) Because the foreign exchange crises in this country, we have asked Total to bring US\$ 250 million every year plus 10 percent of the total sale. So you are looking at US\$500 million to US\$600 million entering this country every year which is part of the agreement.

26/06

In relation to Dividend Withholding Tax, Governor of Gulf is right, we have brought in a 2 percent dormant production levy, which means every time the ship leaves port, Papua New Guinea will get maybe US\$10 million, US\$20 million or US\$30 million depending on the sales price at the time. So sometimes when we do these things, we do not do it for ourselves; we do it for the country and I am proud to say that I signed the agreement for Papua New Guinea.

Now when you look at the royalties and equities, they cheated our people in Hela Province. The royalties of 2 percent minus capital cost, minus operational cost, minus depreciation cost, minus 7 percent additional capital cost? The Gulf Province will benefit better because they will only have 2 percent minus operational cost, minus depreciation. ExxonMobil owes it to the people of Hela to pay for the difference for PNG LNG.

Now when you look at it, for the first time, we have got 5 percent of gas to be used domestically for power generation and for petrochemical industries. We will improve over the lifetime of the projects that will come on stream at \$4.55 MMBTU and there is no depreciation which means the real cost will decline over so many years. When they ask for depreciation, we said no! So the real cost will decline and the agreement can go better than 52 percent but in the meantime, I think this is one of the best agreements for me.

I used to teach financial modeling at the university and I understood how the open book modeling came about and how we negotiated. So on this note, I want to tell Papua New Guinea that I am really grateful after the Prime Minister and the Cabinet had reviewed the gas agreement and the board has agreed to bring this amendment forward which I will fully

support. It is not for us but it is for our country so we must support this gas agreement because we need such projects to kick start our economy again and it is very important.

Some may say we did it really fast. We never did it really fast, we had to wait one year because we signed the memorandum on APEC day which we were supposed to after one year. We did not do it very fast and under the table, we had a lot of time to think about it and a lot of time to work through it and a lot of time to negotiate. I hope that we can negotiate for P'nyang and do a better job with the gas agreement so that we get 52 percent, 53 percent or 60 percent and also get more gas for our domestic consumption because they have not given us any gas in the first gas agreement. We must go back on the P'nyang gas agreement and meet domestic market obligations.

So when you look at the gas agreement in totality, the pipeline is also in the gas agreement because in the event that there is a stranded gas field all over Western and Gulf Provinces and other areas. The Minister can declare strategic pipeline for others to put their gas in. These things are all been taken into consideration when the gas agreement was done and I signed it. A lot of people are thinking that I have done something illegal but now I can explain some of these things on the Floor of Parliament for the benefit of the Members and the for the general public.

When you talk about GST, we have given exemptions to GST and you know why? You collect GST and you repay so what is the point in doing all the paperwork just to collect and then you pay back to them again. Do you see what I mean? GST is not for you to keep tax office collects and remits it back to the companies so there is some of the reasoning behind this.

So all I can say regarding the Gas Agreement is that I support the Minister, he has confirmed that we are now getting 51 percent while the developers are getting 49 percent.

27/06

So, we hope that in the P'nyang Gas Agreement, we can go further and include some of the things that we've lost.

But I also like to thank the ExxonMobil for the first PNG LNG because it made us understand how to go from first to the second which is Papua LNG and I think, we can do better in the third and fourth.

And the last thing I want to say is this, as Papua New Guineans, we must look at what is happening in the world because our gas in PDL 1 and PDL 7 is about 7 trillion cubic feet (TCF).

When you compare that with other gas producing countries around the world, Qatar has 1000 trillion cubic feet (Tcf), Mozambique has 100 (Tcf), America has 200 (Tcf) and Russia has 400 (Tcf), so they have got more gas than we have. We have to cautiously look at what we have.

One of our advantages is that we are very close to China and Japan so it takes four for the ship to go and come back. Last time when I was in America, they looked at how they going to put a ship that will pass through the snow in order to get there through the shortest route.

If they do, we will miss out. They will find the shortest route to get their shipment to China and Japan. On this note, the decision is right and I am happy with the Prime Minister and Minister for Petroleum for bringing this and giving confidence to our developers who will invests a lot of money in our country. Thank you.

Mr JAMES MARAPE (Tari – Prime Minister) – Mr Acting Speaker, thank you for allowing me to also speak in response to this momentous and massive occasion our Parliament is currently presiding over in relation to changes of laws to support the Papua LNG from where it is today to be able to be progressed to the next stage.

Mr Acting Speaker, the Minister for Petroleum must be commended. He came into this job with a lot of expectations. He was purposely placed in there to dissect exactly what was signed as Papua LNG to ensure that the nation is given that comfort we need. What was signed was consistent with overarching image of our *National Constitution* and all the other subsidiary laws that governs our country.

Mr Acting Speaker, let me also say that himself and ourselves as government have every right on behalf our citizens to ensure that we put to scrutiny what was signed. Laws like this to be brought in for passage is not something that we must take lightly. So, we as part of our government plan embark on an ambitious plan to relook at.

Maybe the word review was wrongly applied or misconstrued because we relook or revisit what was done to see whether there are some winners we can win on the side, and secondly, if there is any lack of compliances to existing provisions of law, then we can

address. And so, that has taken some time and may I apologise to the industry and to the stakeholders if that has caused some stress.

Let me say this, the industry needs not to be fearful. Today, is a testament that government or any government of the day can honour agreements so long as those agreements are constructed in law and working in consistent and in congruent to law.

Minister Kua and his team were able to go through what was signed by the previous government and we also tried to push a little bit extra in the context of what was signed and if we can gain let me thank then Minister. We've secured one or two additional gains from what was already agreed upon?

28/06

For instance, our landowners from Gulf, Gulf Provincial Government and the National Government can on behalf our country participate in the shipping business. We can look at the better definition of the pipeline by giving full power to the Minister to have within his dispensation the ability to declare pipeline as strategic pipeline. Joint use of pipeline for other stranded fields may come on board as well as defining better what is local content?

Mr Acting Speaker, those are negotiated outcomes and let me also make a statement of intent as a policy maker. Going forward based on hindsight experience and looking at retrospectively what was done in PNG LNG project and seemingly progress we are making in Papua LNG, I've just asked our Attorney-General to sit down and reconcile those amendments we are making and ensure we extrapolate against assumingly what we will gain and the loses we are conceding in the amendments we are making today.

The issues some of us said Mr Acting Speaker, from the start was simply this;

(1) The process in which some of these project agreements find their germination, how it is funnel and process through Cabinet and I thank previous Ministers who worked extra hard like present Minister for Finance, Honourable Charles Abel, the Member for North-Waghi who was the Minister for Petroleum when this project went through and the former Prime Minister who is in the Chamber with us as well as every Ministers along the chain of the entire process that eventually ventured in the Papua Gas Agreement.

Our Government now is part of the not review to abrogate the agreement but review for us to know exactly what we have lost and what we must gain in the future projects, we will now take stock of. These concessions we make in light of my view that no more concessions will be made in future projects going forward.

So, I place on record my desire individually and as head of this Government to quantify what is the 52 percent we are gaining in actual number terms against what the losses we are making in the concessions we are giving? That needs to be quantified and as a Government, we need to be armed with and we make no apologies to anyone for us to review this one. It's essential that the Government know the losses we are making and the gains we are making so that the future project agreements are built on solid data and information resource we must have going into the future in the context of what is coming ahead of us?

So I thank every effort put in by the previous government and I also thank our Minister here who has given his thorough experience, knowledge and wisdom to ensuring that we come to this stage. We may never win all fronts but we must win in some areas. And as indicated, if this is a winner in some areas, for me the greater comforter I need to have before this year lapses is for me to quantify exactly in numbers what is 52 percent or 51 percent and that will be a starting point for our Government going forward into looking at other stranded resources including P'nyang for the third train.

Mr Acting Speaker, the day before yesterday, Cabinet approved for a State negotiation team to now start to engage with industry players who have an interest to bring in other stranded resources for the third train and possible fourth train down the line.

So our own government is now embarking on this one and I've made an undertaking in Government Caucus, an undertaking of the highest order in my view because no Prime Minister before me has made an undertaking to resign if new projects moving forward is not curtailed in terms of some of this concessions we are making and is not tailored in the way we feel it is proper for us moving forward.

29/06

Lest we forget, we are no longer a green field in this business. Whilst we may be a very small supplier to the gas industry, I fear no one and I do not want to be told that my gas is insignificant or irrelevant. I have told the industry that I can model my countries development plan out of the present two trains. This afternoon's passage of this Bill is a signal to our commitment to honouring the Gas Agreement that the O'Neill-led Government signed earlier this year.

So, to the industry, there are observers in the industry sitting within this Parliament and those who will be hearing through the media that we are giving you our commitment to allow this project to go ahead. We do not want our gas to be warehoused. When our commitment is

given to you, it is in your interest to ensure that you get to work and go down the path of continual exploration, construction and stick to the timeline that is capitulated in the Gas Agreement. We are in the business of reforming our country's resource law into the future.

For P'nyang and others that are coming on board, my mindset is very clear. If the present benchmark is at 50 percent distribution as indicated by Papua LNG, then moving into the future, we will start at the basis point.

As we allow these amendments to go through, amending a laws of a Sovereign State is not easy, so industries must not take these laws for granted because it bleeds and pains our hearts to amend our own laws. That is something that I must state for the record of our *Hansard*. When we amended laws for LNG Project to go through, there were many promises and hypes that we will be getting more money into the country, I am yet to see waterfall of money promised in 2008 and 2009. Money has come in but not the like the waterfall as promised.

This project will bring us some money and there will be an injection of new money into the economy when the construction ramps up and as we go into concluding construction and awaiting production for this project, we are looking forward to it. But, the industry must not take our country for granted and when we are in conversation with the industry about optimising and maximising gain from our resources, we intend to do with a cognitive view that the industry must also be making money. Finding the win-win treats is something that we will do moving forward.

May, I assure Members of Parliament that we did our best endeavours but the laws of our country are also there for us to to honour. The same laws that we pass are the same laws allows us to deploy a gas agreement which corresponds to the amendments that are signed.

So, I encourage this House to support the two Bills before us. Whilst it may not be a total waterfall we all dream for our country, this will start to inject new funds into our economy and let us all support it. But on the basis going forward that ant third or fourth train will be a winner for us.

As I have stated, I fear no one. The market in Asia is close to Papua New Guinea. The two train that is going and if need be, I will survive on them for this country going forward. The two other trains from Papua looks very good and I encourage them to stick to the timeline. You have given a timeline by this country in good faith and we are amending this law today, as you signed the agreement in good faith. We are amending these series of laws in good faith.

30/06

I want to meet with the Petroleum Minister, Total and leaders of the Papuan LNG at the earliest to put in place some key milestones so that construction can start at the earliest. When I enter into discussion with P'nyang, it will not be discussed to warehouse. P'nyang will come on board with better terms for it to deliver the third train for us. We have other resources that are coming on board that we need to migrate into for productivity in 2020.

I commend the Minister for doing an absolutely good job in trying to find a balance between many debates that were at play. We are at this juncture where we have to make these amendments and going forward, we need to progress this Papua LNG and future LNGs to come. Thank you Mr Acting Speaker.

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

Motion – That the Bill be now read a third time – agreed to.

Bill read a third time.

STAMP DUTIES (PAPUA LNG PROJECT) (AMENDMENT) BILL 2019

First Reading

Bill presented by **Mr Kerenga Kua** and read a first time.

Second Reading

Leave granted to move the Second Reading forthwith.

Motion (by **Mr Kerenga Kua**) proposed –

That the Bill be now read a second time.

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

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Kerenga Kua**) proposed –

That the Bill be now read a third time.

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

Motion – That the Bill be now read a third time – agreed to.

Bill read a third time.

31/06

INCOME TAX, DIVIDEND (WITHHOLDING) TAX AND INTEREST (WITHHOLDING) TAX RATES (PAPUA LNG PROJECT) (AMENDMENT) BILL 2019

First Reading

Bill presented by **Mr Kerenga Kua** and read a first time.

Second Reading

Leave granted to move the Second Reading forthwith.

Motion (by **Mr Kerenga Kua**) proposed –

That the Bill be now read a second time.

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

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Kerenga Kua**) proposed –

That the Bill be now read a third time.

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

Motion – That the Bill be now read a third time – agreed to.

Bill read a third time.

33/06

CUSTOMS TARIFF (PAPUA LNG PROJECT) (AMENDMENT) BILL 2019

First Reading

Bill presented by **Mr Kerenga Kua** and read a first time.

Second Reading

Leave granted to move the Second Reading forthwith.

Motion (by **Mr Kerenga Kua**) proposed –

That the Bill be now read a second time.

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

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Kerenga Kua**) proposed –

That the Bill be now read a third time.

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

Motion – That the Bill be now read a third time – agreed to.

Bill read a third time.

RESOURCE CONTRACTS FISCAL STABILIZATION (PAPUA LNG PROJECT) (AMENDMENT) BILL 2019

First Reading

Bill presented by **Mr Kerenga Kua** and read a first time.

Second Reading

Leave granted to move the Second Reading forthwith.

Motion (by **Mr Kerenga Kua**) proposed –

That the Bill be now read a second time.

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

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Kerenga Kua**) proposed –

That the Bill be now read a third time.

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

Motion – That the Bill be now read a third time – agreed to.

Bill read a third time.

34/06

INSURANCE TAX (PAPUA LNG PROJECT) (AMENDMENT) BILL 2019

First Reading

Bill presented by **Mr Kerenga Kua** and read a first time.

Second Reading

Leave granted to move the Second Reading forthwith.

Motion (by **Mr Kerenga Kua**) proposed –

That the Bill be now read a second time.

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

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Kerenga Kua**) proposed –

That the Bill be now read a third time.

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

Motion – That the Bill be now read a third time – agreed to.

Bill read a third time.

PRICES REGULATION (PAPUA LNG PROJECT) (AMENDMENT) BILL 2019

First Reading

Bill presented by **Mr Kerenga Kua** and read a first time.

Second Reading

Leave granted to move the Second Reading forthwith.

Motion (by **Mr Kerenga Kua**) proposed –

That the Bill be now read a second time.

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

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Kerenga Kua**) proposed –

That the Bill be now read a third time.

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

Motion – That the Bill be now read a third time – agreed to.

Bill read a third time.

35/06

KONEBADA PETROLEUM PARK AUTHORITY (PAPUA LNG PROJECT) (AMENDMENT) BILL 2019

First Reading

Bill presented by **Mr Kerenga Kua** and read a first time.

Second Reading

Leave granted to move the Second Reading forthwith.

Motion (by **Mr Kerenga Kua**) proposed –

That the Bill be now read a second time.

Sir PUKA TEMU (Abau – Minister for Bougainville Affairs) – Mr Acting Speaker,
in supporting passage of all the Bills that the Minister for Petroleum has been introducing and

in support of the second largest LNG Project in our beautiful country, and also in supporting the leadership of our Prime Minister in echoing and requesting Governors to ramp up economic activities in our 22 provinces, may I make a short intervention in the amendment to the Konebada Petroleum Park Authority.

Mr Acting Speaker, may I request to the Honourable Parliament to consider through the Minister's intervention in the next negotiation process that the Konebaba Petroleum Park Authority (KPPA) in future be under the Central Provincial Government.

This is because we in the Central Province have given away so much of our land in the building of the city and many other things. We really do not have anything to hang on to. As one of those initial drafters of the Konebada Petroleum Park Authority with the then Honourable Sir Moi Avei who was then the Minister for Petroleum and as sons of Central Province, our idea was that Konebada Petroleum Park Authority be parked under the Central Provincial Government. The name Konebada originates from our Motuan language and means big beach.

Mr Acting Speaker, through this intervention and amendments, may I humbly request on behalf of the people of the Central Province that this particular KPPA be fully amended to become a sub-national authority. This is so that the people of Central Province in missing their city where NCDC has taken over the bulk of the revenue and where we are still negotiating less than 10 percent of the GST to be given to Central Provincial Government.

Mr Acting Speaker, may I humbly request that the Parliament consider that the KPPA be parked under the Central Provincial Government. Thank you.

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

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Kerenga Kua**) proposed –

That the Bill be now read a third time.

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

Motion – That the Bill be now read a third time – agreed to.

Bill read a third time.

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ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 2.15 p.m.