

SECOND DAY

Wednesday 27 November 2019

DRAFT HANSARD

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PARLIAMENTARY DEBATES
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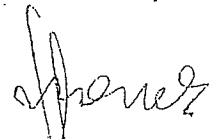
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HARRY MOMOS

Acting Principal Parliamentary Reporter

SECOND DAY

Wednesday 27 November 2019

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

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

Sitting suspended.

The Deputy Speaker again took the Chair at 11.05 a.m. and invited the Member for Nawae, **Honourable Kennedy Wenge**, to say Prayers:

‘Papa long Heven, nem bilong yu em holi, tok bilong yu em holi, man save bung long toktok long gutpela bilong pipel bilong yu. Yu save stap long dispela bung na dispela bung save kamap holi. Dispela moning mi tok tenyu long gutpela dei yu givim, niupela laip yu givim na kain kain wok bilong dispela dei yu givim. Ol lain na pikinini bilong mipela wantaim tisa long kalasrum, old dokta na nes go lukautim sik man bilong mipela long haus sik, na ol lain go long gaden. Yu makim mipela long kam long dispela floa bilong Palamen bilong toktok long pipel bilong yu long gutpela sindaun na ol hamamas na yu kisim biknem. Dispela moning, mi beten long nem bilong pikinini bilong yu, Jisas Krais, oltaim i save givim bel isi insait long spirit bilong tok tru. Dispela tok tru i ken givim stia long Prime Minister bilong mipela, Opposition Lida, ol minista bilong dispela Gavman na ol memba blo Palamen. Yu helpim mipela na givim stia long mipela long dispela moning inap long dispela toktok bilong dispela floa. Long name bilong pikinini bilong yu na bikpela bilong mipela Jisas Krais, mipela beten long dispela floa, Amen.’

DEATH OF FORMER MEMBERS –
(Messrs Mr JAMIE MAXTONE-GRAHAM and Mr FRANCIS KOIMANREA) –
STATEMENT BY THE DEPUTY SPEAKER

Mr DEPUTY SPEAKER – Honourable Members, I have to inform the Parliament of the following deaths of:

(1) Mr Jamie Maxtone-Graham, on 10 November 2019, a former Member for Anglimp South Waghi Open Electorate. He was first elected to the Seventh National Parliament from 2002 to 2007, in a by-election following the death of the then sitting Member, Mr Paul Wai, in 2004. He joined the Peoples Progress Party and then moved to Papua New Guinean Country Party and was elected party leader in 2007. He was re-elected to the Eighth National Parliament from 2007 to 2012, for the same seat. During those terms he served as Chairman of the Permanent Parliamentary Committee on Pension and Retirement Benefits, Member of Parliament, Referral Committee on Administrative Services and Minister for Health and HIV/AIDS.

(2) Mr Francis Koimanrea, on 22 November 2019, a former Member for East New Britain Provincial and Pomio Open Electorate. He was first elected to the Fifth National Parliament from 1992 to 1997, and was re-elected to the Sixth National Parliament from 1997 to 2002.

02/02

He resigned as Member for East New Britain Provincial in September 2000 following the death of Mr Alois Koki – his brother, and then sitting Member for Pomio Open Electorate in December 2000.

During those terms, he had served as Minister for Health in August 1994, member of the Permanent Parliamentary Committees on Legislation, Plans and Estimates, Private Business, Public Accounts, Public Works, member of the Parliamentary Referral Committee on Disciplined Services, Transport and Civil Aviation, Deputy Chairman of Economic Affairs and Donor Agencies. He was also a member of the Select Committee on the Independent Commission Against Corruption from April 1998 to September 2000.

He also served as Governor for East New Britain following the provincial government reforms in 1995 and Deputy Leader (Islands Region) of People's Democratic Movement in 1997.

As a Mark of respect to the memory of the late honourable gentlemen, I invite all honourable members to rise in their places.

(All Members present stood in their places as a mark of respect to the late honourable gentlemen)

**ACKNOWLEDGEMENT OF STUDENTS – PACIFIC INSTITUTE OF
LEADERSHIP AND GOVERNANCE –
STATEMENT BY THE SPEAKER**

Mr DEPUTY SPEAKER – Honourable Members, I wish to acknowledge the presence of students of the Pacific Institute of Leadership and Governance in the Public Gallery.

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

QUESTIONS

Fix Continuous Power Outage in PNG

Mr GARY JUFFA – Thank you, Mr Deputy Speaker. I would like to direct my question to the Minister for State Enterprises.

My series of question are in regard to the situation of our country on Electricity. In all parts of our country, we are experiencing constant power blackouts everywhere. This has been affecting the businesses, government operations and lives because some health centres or aid post operations are disrupted due to this power outage.

My questions are;

a) Can the Minister explain how we can manage the situation and rectify it?

So that our people can have a fair idea on the progress of the government taking control of the power problem we are facing at the moment?

Status of K70 million Power Generators

Last term, during the O'Neill Government reign, two generators were purchased for K70 million from an Israeli company. We were assured that Port Moresby won't experience any more power blackout after these two generators are brought in.

- (2) Where are these two generators now? Are they working or were they being used?

Appoint PNG Power CEO

- (3) When are we going to appoint a CEO for PNG Power so that the CEO can take charge of these problems we are continuously facing in the country?

Terminate illegal Fuel Vending Arrangements

My small investigation into my province found out that one of the small contractors based in Lae used to buy fuel from one of the big companies who used to provide fuel to PNG Power before and then sell it to other provinces. It was sold to Northern Province for K3 million.

- (4) Is this arrangement still existing or not? If it is still existing, can you give us assurance whether you will terminate or not this type of engagement, thank you.

Mr SASINDRAN MUTHUVEL – Thank you, Mr Deputy Speaker, I thank the Governor of Oro Province for his series of important questions regarding issues affecting the country right now.

Mr Deputy Speaker, the first question is related to the power outages issue. Mr Deputy Speaker, we have been inherited huge legacy issues which will relate to his fourth question, in terms of the high cost power generation especially using diesel.

The recent outage was mainly due to the stop by Puma supplies which supplies diesel due to huge financial outstanding. We have just resolved it the day before yesterday and the fuel has started flowing. So that should resolve the issue of shortage in supply of diesel for at least up until the end of this month. And again, the next month is a challenge.

But Mr Deputy Speaker, I wish to inform this Honorable House, the all government departments put together consume power energy worth K2.8 million per week. This includes all government departments within NCD.

And that is like a huge responsibility for the Treasury and there was a previous arrangement to pay at least K2.5 million per week to PNG Power so that they can address the fuel shortage issue until such time when we come up with that low power strategy.

We are currently about to commission two other projects. It's a matter of turning the key. We are just waiting for the power lines to be constructed within that generation site up to substation in Gerehu.

I thank the Honorable Petroleum Minister for his intervention. He assured us that by Friday, the license for gas pipeline will be issued so that the power generation for new power can start which is almost 54 megawatts of power.

And also, as soon as that Gerehu power comes on line, it will add another 35 to 45 megawatts of power.

That will bring enough sufficient power for at least entire NCD because more than 50 percent of the fuel cost is actually related to the purchase of fuel in Port Moresby.

On the Honorable Governor's fourth question regarding subcontractors supplying fuel instead of main contractors, this issue is being addressed and will be eliminated including issues such as the high cost of lease and high cost of fuel.

This arrangement was done during one of my predecessors' term as a state of emergency to provide power. There is a company called Agri-Co, leasing their generator for almost K1 million per month for 10 megawatts and we are paying almost K4 million for fuel cost. So, all these arrangements will cease as soon as this power projects come online.

So, we will be putting up entirely the Kanudi heavy fuel and oil and also the 10 megawatts using the diesel and that will save almost like K10 million per month for PNG Power.

04/02

As for the two generators, of course, they were bought at an exorbitant cost and the fuel consumption is so high, especially the diesel consumption. It will cost hundreds of millions of kina if we need to use those big generators, each having a capacity of more than 30 megawatts.

And these two generators, one is in working condition, the other one is not working but the US Government has assured us that they will fund the transportation of this engine to Houston, service it and bring it back. But it is a huge liability especially using diesel to run these two generators, it will make the cost of power very high.

To answer the third question regarding the CEO of PNG Power, I do agree with the Governor. Yes, we currently have an acting managing director or CEO. The position has been advertised in the newspapers. This week they are going through the interview process with Vanguard International and the PNG Power Board. They will interview all the short-listed candidates. We hope that will help us to bring somebody qualified and credible to manage PNG Power.

I hope I have answered sufficiently, thank you, Mr Deputy Speaker.

Supplementary Question

Private Generation of Power

Mr PAIAS WINGTI – Thank you, Mr Deputy Speaker. I want the Minister to make it clear to Papua New Guinea.

Are you encouraging private people to produce their own power with no interference from PNG power? Are you encouraging businessmen to produce their own power for their industry, or provinces to do it themselves?

Those are the questions that the statement that the Minister has to make clarify to this Parliament. I do not want interference from PNG Power to stop private enterprise and other people who are trying to produce their own power because that's the only way the economy will grow.

And PNG Power is becoming totally inefficient. It is running down this country so I want him to make these clear to the people of this country.

Mr SASINDRAN MUTHUVEL – Thank you, Mr Deputy Speaker. I thank the Honourable Governor of Western Highlands for his very important questions which also relate to the current Marape-Davis Government's policy.

I have been given clear instructions as to give the generation not just private investors but provinces like yourself in partnership with your strategic partners such as superannuation funds.

Provincial governments together with their partners can negotiate with PNG Power for some of our existing power generation facilities. I do agree to some extent with your comment. Some of these assets have great potential but very underutilised. For example, just by spending a little less than a million dollars in Yonki, it can produce an additional 20 megawatts of power but because of negligence it is not producing to its capacity.

But, to make clear to the Governor's request, the government is very clear. And we have given a ministerial directive to PNG Power Board to look at possible privatisation of all the generation facilities and PNG power to focus mainly on transmission and reticulation as the government has already invested billions of dollars in terms of those assets.

But in terms of generation, we are open and we are happy to discuss with any provincial government who wants to come and in partnership with your strategic partners.

Thank you.

K1 billion Loan from Australia

Mr BELDEN NAMA – Thank you, Mr Deputy Speaker, my questions are directed to the Prime Minister.

Mr Deputy Speaker, my questions are in relation to the K1 billion loan from Australia with strings attached.

The Prime Minister's new borrowing of K1 billion from Australia is a total contradiction of his own claim when he came into office that there will be no more added debts for the country.

Mr Deputy Speaker, the Prime Minister has now gone begging to the Australians to pay for the government's spending after his ridiculous earlier request to China for more than K27 billion was denied.

There is a reason this loan is cheap, Mr Deputy Speaker, and that is because it comes with hidden strings attached that undermines our sovereignty as a nation.

Mr Deputy Speaker, the Prime Minister must be honest and explain to our people and our country what Australia expects in return for this money.

05/02

No government could be so gullible so as to believe and give a loan that is with low interest and not expect anything in return. Our people need to know what secret arrangements our Prime Minister has made with the Australians.

This arrangement and the secrecy involved is a reversion to colonialism and the hand-out mentality that this government is against. Governments have to borrow to build infrastructure but this must be done in a way that does not undermine our sovereignty as a

nation. A country must stand on its own two feet to access international financial markets just like any other international sovereign nation.

This new borrowing also increases the nation's debt to GDP ratio that the Prime Minister himself clearly stated against based on his own so- called manifesto based on his own DNA not to be above 30 per cent.

Mr Deputy Speaker my questions are as follows;

(1) Will this so- called great deal of borrowing K1 billion from Australia be bailed out with the IMF package?

(2) In offering this cheap package that would come at a high cost from the Australians tax-payers, what does the Australian Government expect in return for these monies, and what are the hidden strings attached?

(3) Will this new borrowing increase the nation's debt to GDP ratio above 35 per cent?

(4) Wouldn't the Prime Minister agree that he is now leading our nation into the slaughter house?

Mr JAMES MARAPE – Mr Deputy Speaker, I thank the Opposition leader for asking his questions and it gives me an opportunity to clarify the greatest and softest sovereign loan given by a longstanding bi-lateral partner of Papua New Guinea.

We have had an unbroken record of 44 years of relationship to gain sovereign independence statehood and it precedes their time and goes back since they were our colonial Government.

Mr Deputy Speaker, there is no secrecy behind the loan that was secured. When we took office in 30 May 2019, our Treasury team led by previous Honourable Sam Basil and now by Honourable Ian Ling-Stuckey did diagnostics with due diligence into the State of our economy.

As a nation, one fact that directly stares us in the face is the fact that we inherited a lot of debt. Our debt profile was pushing past 40 per cent and we were already breaking our Fiscal Responsibility Act because at that stage prior to amendment that took place in the Supplementary Budget, our debt to GDP ratio provided for by the FRA was 35 per cent. After taking stock and all the due diligence taken, it dawned on us that we inherited a huge and massive deficit program.

Mr Deputy Speaker, apart from debt and the increasing need to finance the expenditure demands, our revenue was declining in fact.

06/02

Because of this fact when we assumed office, we had to relook at our medium- term revenue strategy and medium- term expenditure game plan to take stock and review and there was a necessary need for us to ensure we continue in the medium term to ensure we maintain an element of debt financing in our budget as a tool to (1) arrest excessive heavy borrowed loans that we have in our books. This was to refinance them to make sure that our debts are sustainable and is not suffocating our economy as it was going to be, if we had not taken those interventions and corrective measures we made in our Supplementary Budget.

So, Mr Deputy Speaker, firstly it not a secret, is becoming evident. When we talk about transactions between two Sovereign States, nothing takes place in a secret manner.

A huge commendation and appreciation must go to the Australian Government led by the Australian Prime Minister, Honourable Scott Morrison, and the people of Australia, this is unheard before and never done before, unprecedented.

A huge funding has come not through the normal Treasury System that gives us grants and on record they also stand to be the biggest grant giver to many of our programs including many of our bilateral partners such as China, Japan, New Zealand, US Aid, European Union, United Nations and the list goes on.

Come tomorrow, you will see in our Budget document, our budget is continually supported by this kind donors and grant givers. For the first time, we have gone to Australia and told them that we do not want to continue receiving grants and donors from you because we are a Sovereign State. But can you look at a facility within your financial system to give us the softest cheapest loan on market.

And today after their own Treasury and their own reserve, in consultation with international bench markers like IMF, World Bank and ADB who are in our region and globally, after assessing our submission to ensure that we arrest what was looming as the 2019 fiscal year non-fundable budget that was handed down last year and through reorganising of our money plan to retire 2019 Supplementary Budget, the element of transparency that emerged from that program, the Supplementary Budget Strategy and the confidence that they were able to see, and for the first time there is honesty involved with the Government of PNG when it comes to dealing with funds.

We have never hidden any loans outside of the Government books through creative or dubious accounting. We ensured that every debt we took as the Government of Papua New

Guinea. We took and told the world that this is all the debts that have accumulated since 1975, exacerbated especially in the last seven to ten years. Yet, the revenue continues to remain stagnant or grow at a snail pace but yet demands and needs to finance development of our country including the huge burdened recurrent expenditure where every year retrospectively for the last 44 years, our recurrent continues to consume well over 60 per cent of our budgets. Those statistics were amplified and clearly revealed for the whole scrutiny of everyone who have an interest in our economy and has a stake holding view in our economy.

So, the confidence we gain as a result of being transparent in our numbers that was reflected in the Supplementary Budget made the final push towards us securing what is requested of them.

07/02

The Opposition Leader will recall that our 2019 money plan before the Supplementary Budget had deficit elements in our financing. With that deficit element, we would have gone to the market. For instance; sovereign bond, going to the market, we raised 300 million dollars at above 8 per cent interest rate that we would have repaid. We would have also gone to the market and to other banks, especially to constitutional lenders on the market. But first and foremost, as Head of this Government and assisted by Planning Department and Treasury with the various filtering processes that they go through, we looked at the best funding option available for us to do a couple of things.

Firstly, unlike some of the Exim funded programs that we have in which money hardly hits our shores and gets transacted in numbers overseas and we do not feel the effects of that loan, we looked at which fund we could secure that would have direct effect on our local economy.

There are two sides to borrowing. The proponent that requests for borrowing and the lender who lends the money. The proposal was made and the lenders read and scrutinize and look into the depth of what we requested for. We are confident that we were honest, admitted our debt profile and the lender was willing to step in to assist with no strings attached, except that we continue to remain transparent and refrain from side borrowings and every borrowing is made public and the pathway that we were going towards in ensuring that we manage our repayment has a downward trajectory and regresses towards a balanced budget in the medium term.

Mr Deputy Speaker, my intention in life is simple. At some stage in the life that is left in me our country must come back to a balanced budget. It is locked in my manifesto, it is part of my DNA and that is my view in life and I am not ashamed to say this. But I will be first to admit responsibility if in view of my pursuit of my manifesto and dream that I just cut spending in key public investment programs and spending in recurrent, including some of the legacies that we will be cleaning up in the 2020 Budget. For instance, cleaning up legacies in Public Services overruns that were not included in the Budget. Those clean-ups will take place so we don't suffocate again couple of years down the line. As part of the 5-year money plan outlook, we have to re-do the 2019 Supplementary Budget and that the K1 billion loan or the US\$300 million loan that will be infused possible today or tomorrow, straight transaction - with no interference and no strings attached or fees for consultants whatsoever, into our Central Bank from the Federal Reserve Bank, Australia.

A couple of things will take place. It will mitigate our cash flow issues right away. You will have US\$300 million for the market. There are no strings attached and it is coming from the Australian Federal Bank straight to the Central Bank. That transaction is taking place as I speak.

Mr Deputy Speaker, this is one of the better loans. I could say the best but I will be diplomatic and polite to past governments to reserve some space to give credit to them also because they did borrow and so let history assess. In my view this is a better loan ever secured with lowers costs and has direct effect on our economy immediately so that there's life in economy, as opposed to borrowings that were transacted from Manila and other places that did not have any effect on the local economy.

With this money, we will clean up 2019 expenditure. A percentage of this will go towards re-financing our heavy domestic borrowing that we have thus far. It has always been my view that the lending market in the region including Australia has not been responsive in the last seven to eight years.

08/02

Luckily the former Treasurer searched and secured through sovereign borrowing at the road show. He secured US\$300 million and that rescued from near suffocation late last year.

We were heading down the road of suffocation in terms of economy. We were headed in that direction because we had heavy domestic borrowing and the market had suffocated and we needed to breathe somewhere, but now we will need few more breathers coming in.

Our Budget tomorrow will forecast more on how to grow our economy. And I ask that every Member of the House, including Member for Vanimo Green, let's not spend so much time overseas but let's grow our economy.

Mr Belden Namah – You go and fix Tari.

Mr JAMES MARAPE – Everyone of us including Tari. A stint in Sydney, Melbourne, Singapore or elsewhere will not grow the economy in our country. We must spend time growing our economy through hard work. No overseas government or lenders will be there for us forever. So next year onwards we will be focussing on infrastructures in growing the economy in sustainable aspects of economy.

He alluded to IMF. Since 1999 when IMF ran away from us, we have for the first time asked them to come back and check our books. And there is nothing wrong with them coming back and checking our books and likewise to World Bank and ADB as well.

These are international benchmark observers, economist and lenders. The international observers such as banks and organisations have confidence in us and have indicated to us that we are in the right path. By the time our nation celebrates its 50 years of independence, hopefully by then couple of things might eventuate.

But we have to meet our target of retiring our debt and cascading back to what is now lifted to a ceiling of 45 percent by the amendment that took place. We would have hit 40 per cent around 2025, and by the time we reach next decade it will reduce to 35 per cent.

Those possible cascading trends were evident in the manner in which our treasury, planning, finance and our government have framed the next medium term money plan and our revenue and expenditure focus. Basing on these total confidence the Australian Treasury, headed by the Prime Minister, Scott Morrison, runs a huge government that has independent systems.

These independent systems filtered our political request at the highest level between two leaders of these nations. They filtered the request basing on our treasury to treasury exchange in more detailed submissions and filtering. They were able to assess after couple of months in the confidence that our government has put in place. And basing on that assessment a US\$300 million has been approved.

It's a short term and breaching financing to retire 2019, but as a facility opening up including creditable international partners, this facility will help to refinance our debt and

Budget for 2020 and 2021 in our pursuit to ensure we have sustainable debt and decreasing the debt down to a balanced budget in the medium term and that will ensure us to grow our economy in the process going forward.

Mr Deputy Speaker, to conclude, in responding to a question that was asked in the interest of our country, I hope that I have done justice to this question but our Treasurer tomorrow and onwards will consider revealing that this a transparent transaction taking place between two governments, two treasuries and two central banks.

09/02

Contrary to the Opposition Leader's view, instead of going to beg for more donors in grants, we have an economy that is sufficient and strong to repay and we rather see ourselves as equal major partners. You lend to me at a best rate you can and I will repay it to you at a best rate I can, consistent to the agreements that we are holding so, thank you. Nothing to hide. It is a transaction between two governments, two partners, two sister or brother nations that has been living side by side and we will continue to live side by side into the future. Thank you.

Supplementary Questions

Explain Loan's Terms and Conditions

Mr JOSEPH LELANG – First of all, I thank the Prime Minister for saying that every borrowing is going to be made public. My questions are in line with that but first of all, comparing interest rates between the sovereign bond and this Australian loan is not a good indicator of the acceptability of the loan. Elsewhere in the world there are loans the country can get which are less than one percent interest with longer term repayment period.

(Members interjecting)

Mr JOSEPH LELANG - I just want to make that point. If you go to JBIC in Japan or Korean Exim Bank, you can get that rate. This is to answer those interjections.

Mr Bryan Kramer – Point of Order! Mr Deputy Speaker, Just for the correction for Parliament's record, we had a meeting last month with JBIC and their terms are two percent

plus. So, they do not offer one percent. Just for the record, I would like to correct that. Thank you.

Mr DEPUTY SPEAKER – Honourable Minister, your Point of Order is in order.

Mr JOSEPH LELANG – Thank you, Mr Deputy Speaker. I visited those banks and spoke to their Presidents so I do not know where he got his information.

Mr Deputy Speaker, I just want to add here that the terms and conditions of this loan has not been made very clear publicly. I refer to year 2000, the Australian Government lent us some money through Treasury Swap Arrangements and we had to pay that within one year.

My questions are:

- (1) Is this a similar type of arrangement?
- (2) When is the loan going to be fully repaid in terms of its principle plus interest, is it 12 months?
- (3) With many resource projects slowing down or stalling, is PNG in a position to repay that loan within 12 months when the Prime Minister has mentioned himself that revenue is not coming in and the revenue strategy seems not to be working.

Mr JAMES MARAPE –Mr Deputy Speaker, I would like to thank the Member for Kandrian-Gloucestre and the Opposition spokesman with Finance and Treasury for also raising a supplementary that is equally important to give further clarity.

Two percent plus liable - the borrowing that we are getting from the Australian Treasury is at 2.57 percent. It is a one-year facility to help us retire 2019 budgeting. As a bridging facility we are anchoring on for next year's program. That will be refinanced. The refinancing is part of next year's document going on and as I have said, this is nothing sinister, fishy and nothing secret. This loan comes in directly into our market to ensure that we have life in economic activities for us to complete 2019.

We have a money plan for 2020 that comes including refinancing this one and you will be pleasantly surprised that our lenders from Australia have indicated a long-term refinancing strategy. That also links to our international partners like IMF, World Bank and ADB. So, those programs are all interlinked.

We have now shifted away under my government from debt financing deals that have no direct return our economy. We have benchmarked what type of loans we can borrow. Those loans that we borrow must be concessional and as economists would know, concessional rates are anything below four per cent, if not three per cent or two percent. These are concessional borrowings that we want to go out and look for to help us grow our economy and refinance the debt that have accumulated in the past.

So once I confirm that program through this question, it is a one-year borrowing to help us retire 2019. As we retire 2019, 2020 budget preparations and budget documents as a strategy for us to take us 2020 onwards, we are cognizant and sensitive to issues that will affect the economy.

10/02

For us being alive and getting there is very important. We need to be alive in 2019 to see the life of 2020 and beyond and we are structuring to ensure that we complete 2019 in a positive manner and to ensure that our economy has life.

If projects are not running, Mr Deputy Speaker, the Budget is an economic tool that government has within its disposal to ensure that there is life in the economy. And as a responsible government, we will use the tool we have within our disposal to ensure we have life in our economy, maintain composure, conclude 2019 and focus on rebranding 2020 for the medium-term development efforts going forward.

So, it's all coming into context. When we go into 2020 there will be facilities created for us to bridge what we are starting today to ensure that we stick to the threshold.

And as I said earlier, Mr Deputy Speaker, there are two parties to borrowing. There's a lender and there's a person or a nation who requests to borrow. But in hindsight when you think deeper into this, who does the most scrutinizing? Who scrutinizes the most, Mr Deputy Speaker?

For example; in our everyday life, if I want to borrow money from someone, that someone who's going to give me money must know he has got certainty that repayment can be honored. That's the fundamental principle. The lender must be confident that repayment is certain. The lender has every right to refuse lending. And in this context, the Australian Treasury has assessed the books, not only books for 2020, mind you. They've assessed the books in the medium term and long term and they see every confidence in the way we are

doing business and the short-term bridging financing that is given us will help us sit 2019 out and for us to go into 2020 budget strategies. Thank you, Mr Speaker.

**SUSPENSION OF STANDING ORDERS–
EXTENDED TIME FOR QUESTIONS**

Motion (by **Mr Allan Bird**) agreed to –

That so much of the Standing Orders be suspended as would prevent Question Time this day being extended by 20 minutes.

East Sepik – Release Funds for Bridges

Mr ALLAN BIRD – Thank you Mr Deputy Speaker. My questions are directed to the Minister for Works, and I'd like the Treasurer and the Finance Minister to please take note.

The question is in two parts and is in relation to the promise under the previous government to build several bridges in my province and I believe others, but this in relation to four of those bridges. I believe three of them will be under the European Investment Bank funding and I'd like to get an update from the Minister on those bridges, if I could.

The other one is the most important one, Mr Deputy Speaker, and that's in relation to the Hawain Bridge. If you recall the former Prime Minister, Honourable Peter O'Neill, was in my province around March this year. And there was a promise to repair the very old and much needed Hawain Bridge and I believe K20 million was transferred to the Works Department several months ago. I believe there was a tender that went out.

Mr Deputy Speaker, the close of accounts will come about in 10 days, and since this K20 million is with the Works Department, my questions are as follows:

(1) Can the Minister let my people know what is happening with the tender and if there are any closer to awarding a contract by which we can save the money from going back to consolidated revenue?

11/02

(2) Failing the above, is there a possibility of transferring those funds to the East Sepik Provincial Government Trust so that we can maintain these funds in order to repair this bridge?

Mr Deputy Speaker, I don't believe there is any provision for funding this bridge in next year's Budget. And given those tight budget constraints, Mr Deputy Speaker, this bridge could collapse at any time. We are struggling to keep it operational and I would like the support of the Minister and the two corresponding Ministers to ensure that we take this money and that my people of West Coast in Wewak and the people of Aitape will continue to have the use of this international highway and this bridge.

Thank you.

Mr MICHAEL NALI – Mr Deputy Speaker, I thank the Governor of East Sepik for the two good questions.

I will answer the first question on the three bridges that got funding from the European Investment Bank (EIB). The contracts have already been awarded, including another six in Madang. We are only waiting for the people from the EIB to come to us. I am happy to inform you that only the day before yesterday the Treasury Secretary gave his approval for the beginning of the draw down of that money so that the construction of those bridges can start. In fact, the contractor is already on the ground.

The second question is regarding this very important Hawain Bridge. It is a very old bridge but also a very important bridge that connects East and West Sepik. I went there myself and acknowledged the deteriorating condition of the bridge. It is not safe for people to use the bridge but because they have no choice they are still using it.

Some money was allocated last year, unfortunately, the activity of building roads and bridges takes a lot of time. Firstly, we have to go to the site, conduct studies, prepare reports, and come back to the design stage. When the design and costings are all ready, the Department of Works will put those projects out on tender and as soon as the Finance Department releases the authority to pre-commit this project we will proceed.

Mr Deputy Speaker, the sorry side of this is that to do this kind of work it would take a lot of time. The Hawain Bridge is a very important bridge, but unfortunately it is a bridge that is just about to fall apart any time but no study has been undertaken over the years. And very lately, last year, that K20 million came in but we don't have the physical cash with us. Even if we have the money we cannot start constructing the bridge. That is the unfortunate side of things.

If we were allowed to have a trust account separately for that particular bridge programme, yes, we can ask Finance, Treasury and Planning to release that money so we can park that money aside.

In regard to whether we can transfer those funds to the East Sepik Trust, it is not possible. The only money that is allowed by the Central Bank to be transferred or to be sent to the provincial government and the DDAs are the DSIP, PSIP and the grants from the National Government to provincial governments. So, even if we were to try and write a cheque from the Department of Works and send it to the East Sepik Provincial Government, the Central Bank will reject it. So, that is the difficulty that we have.

Unfortunately, if our system does not allow it, that money is likely to go back to consolidated revenue. There is nothing I can do about it.

But it is a very important bridge and I am pretty sure that the government has not forgotten this important bridge and it comes under this program. The problem that we –

12/02

Mr Kevin Isifu – Point of Order! Mr Deputy Speaker, the Governor of East Sepik is raising a concern because when government account comes to a close, the funds parked might be diverted and misused. Therefore, can the funds allocated for the Hawaiiin Bridge and the Wewak town roads be parked in the Provincial Works Accounts so that they can avail these funds?

I know very well that these funds will not be released to the Provincial Treasury. My Governor's concerns are for our people that really need this bridge.

Can the Minister assure my people that he will take drastic measures to access these funds before the close of government books?

Mr MICHAEL NALI – Mr Deputy Speaker, we are likely to face these kinds of problems in all other provinces because the fact is that we have our own programs at the Works Department, carrying out feasibility studies, designing and quantifying. And if moneys were allocated according to the Department of Works program then we will embark on immediately rolling out the work for that particular request.

When we talk about allocating moneys into areas where it does not align with the plans of the Department of Works, there is absolutely nothing I can do. We can only try to

help by facilitating and fast tracking. Might I say here that facilitating these kinds of requests takes a very long time too!

Some of the road works that we have carried out goes through the same process where it can take almost five to six years to actually implement. It has to go through a study and those roads and bridges must qualify in the program of the government system.

Mr Allan Bird - Point of Order! Mr Deputy Speaker, the reason I asked the question is that I am aware that funds were released from Department of Planning to the Department of Works, specifically for this particular bridge. I have a copy of a bank account holding that money under the control of your secretary. Now this funding was released by National Planning Department, specifically for Hawain Bridge. You can go and do your studies and quantifying and all that, I understand, but if that bridge collapses tomorrow, what is the Government going to do? There is no allowance in next year's Budget for this particular bridge and you have all these other programs all around the country which I understand, but my point is that there are funds that are now readily available for this particular project. I want to save that because once we lose this bridge in 10 days' time we are going to have an issue. So whether you transfer the funds to a trust account in Wewak or what other arrangements there is, please, these are things you can do humanely. It does not require us to seek God to come and build it. I just want to save that bridge.

Mr MICHAEL NALI – Mr Deputy Speaker, I personally visited this bridge and the roads in concern. I drove from Wewak up to Aitape. We crossed and witnessed the big rivers and most of those rivers branch off and run everywhere where today it's flowing that direction and tomorrow it will take another direction all together. It is almost like the Markham River itself.

Mr Deputy Speaker, I concur with the Governor and what I am telling him is just the facts. We just recently discovered that the Department of Finance has cleaned up all the Trust Accounts right across the board including Fisheries, Forests, Works and the Health Departments so in the process we have to now get approvals from Finance Department to access and transfer.

Mr Deputy Speaker, if I find out from the Works Secretary that there are funds available in the Works Trust accounts I will now have to get the approval of the Finance Department to allow us to open our trust account so we can park the money aside. I have no

other interest except to build bridges and roads. I will find out today and get back to you, Honourable Governor.

13/02

Mr GINSON SAUNU – Mr Deputy Speaker, my supplementary question is directed to the Minister for Works and Implementation.

There are two important roads being upgraded and it is almost a year now and the work has not finished. Can the Minister inform us -

Mr DEPUTY SPEAKER – Honourable Governor, you are asking a new question but since you already have the Floor you may go ahead and pose your question as a new one.

Morobe – Update on Road Projects

Mr GINSON SAONU – Thank you, Mr Deputy Speaker, for giving me this privilege to ask my question. It is quite an important one because it concerns the whole country.

The road from Bulolo turn-off to Yalu Bridge and all the way to Nadzab has been under upgrading for almost a year but the work is not yet completed. Furthermore, the road from Unitech to Bumayong is in the same situation.

We talk about the close of accounts but the roads will still be open because the people are using them.

Can the Minister inform Parliament and the people of Morobe whether that particular road will be completed or just left as it is?

Mr MICHAEL NALI – Thank you, Mr Speaker, and I would like to thank the Governor for Morobe for asking this important question.

The road from Nadzab to 9-mile Bridge is not covered in the Rehabilitation Highlands Highway Program. The Highlands Highway Rehabilitation Program begins at Nadzab Airport all the way up to Kagamuga Airport in the Western Highlands Province. So along these sections the contractor, China Railway International Company (CRIC) is present there. It is the same contractor that built the road from Bugandi High School to 9-mile turn-off.

I went to Lae during the weekend to inspect that road as well as the road to Kabwum, and as I speak the contractor is building big concrete culverts for water to flow through.

There is a lot of damage along this section of the road so last year we allocated K15 million and it is going to be a four-lane extension from 9-mile all the way to Nadzab where there is going to be the new international airport which is under the redevelopment program. This is going to be one big road but there is a big waterlog

Mr Deputy Speaker, there are contractors there and we have given money for that work. I was informed that for the first section of the road the contractors used a lot of his own money so we owe the contractor about K60 to K70 million. I would like to thank the Marape-Steven government for giving me K150 million for this month so that I can be able to sort out many of these outstanding costs that we owe the contractor which totals to over K300 million.

We are allocating K31 million to the contractors and we should slowly complete the road which runs from Yalu to 9-mile Bridge and all the way up to Nadzab. So, we have not forgotten that road but unfortunately the cash flow situation has slowed them down. But hopefully now that we have paid them some money they will start to do some work.

Most of the roads in Lae City have been upgraded but the road from Unitech to Busu will commence at the beginning of next year.

In the first instance when the contractor started this work they underestimated the size of the culverts so now this section is included in our program when we start work next year.

14/02

Passage of ICAC Bill

Mr ALFRED MANASE –Mr Deputy Speaker, I rise to direct my question to the Deputy Prime Minister and Minister for Justice and Attorney-General. Don't get me wrong, Attorney-General. I am calling from this end and even though I am very close to my brothers from the Opposition, I am part of the Government caucus and so I want to ask the question in that regard, and it's in relation to the ICAC Bill. I understand the Organic Law on ICAC has already been approved.

Can you inform this House and the people of this country when it will be tabled on this Floor of Parliament for debate and passage?

Mr DAVIS STEVEN – Thankyou Mr Deputy Speaker, I also wish to thank my good friend, Honourable Member for Kandep, a former Attorney-General himself, for bringing this important issue for discussion especially for leadership in this House, but also for the benefit

of our people and those of our partners who are interested in the important aspect of this Government's priority in the fight against corruption and the efforts to make our society a law abiding society. Our current challenge is to put the building blocks necessary for us to build a society into the future which is desirable according to our nation's vision.

As we have announced in the past the NEC has completed its work of the ICAC Bill and for it to be forwarded to the Speaker of the National Parliament for endorsement.

Mr Deputy Speaker, we know this is an important constitutional law and it involves an amendment of our *Constitution*, which was passed by the previous government under the leadership of the Honourable Member for Ialibu-Pangia. The work has continued so that the text of the Organic Law on ICAC is now with the Speaker. The first arm of Government, which is the National Parliament must now conduct its duty. It must now comply with the laws on passage or amendment of a constitutional law.

Mr Deputy Speaker, yesterday, my departmental head made inquiries with the Clerk of Parliament as to what procedure has been complied with and where we are at in terms of introduction of this important piece of legislation.

We were informed, Mr Deputy Speaker, that the first requirement of publication of the ICAC Bill in the National Gazette has been complied with. The second phase which is a very important requirement is the circulation of the text of the Bill to the Members of the Parliament. For that to occur, it appears that there is a need for the relevant parliamentary committee to decide upon the procedure and the rules in that regard. In other words, there is a gap that is now being realised in the processes of our Parliament.

My department has offered to support the work of the Clerk to try and update our rules within the Standing Orders. The occasion of the Vote of No Confidence against the former Prime Minister and the filing of the Supreme Court Reference by the Opposition Leader arose as a result of this gap that we saw in the Standing Orders.

From our Government's point of view we have offered to support and it's now up to the Speaker and the processes to work so that we can fix this in-house matter including rules and procedures so that the business of Parliament and our duty to our people in passing good laws can occur.

15/02

Mr Deputy Speaker, in response to the Kandep Member, the NEC has cleared that legislation and it has been gazetted, but Parliament is yet to approve its rules so that we can further comply and pass this important legislation.

This is important, Mr Deputy Speaker, because just recently the Supreme Court, in a matter relating to a law on public service, found that the gap in the parliament processes is still yet to be corrected. It was for that reason that we offered that we work together with both the Executive arm and the National Parliament so we can fill these gaps to pass laws on the way.

Kairuku-Hiri Administration Office - Land Title Issue

Mr PETER ISOAIMO – Thank you, Mr Deputy Speaker, for recognising the people of Kairuku-Hiri. I wish to direct my questions to the Minister for Lands and Physical Planning, and I ask the Minister for Mining and the Minister for Housing and Urban Development to take note.

Before I ask the questions, if I may be allowed to highlight the basis of my questions so that the honourable Minister may adequately provide his response.

Mr Deputy Speaker, on 10 April, 2019, there was a fire that brought down my two office buildings together with the previous Mining building, which housed the Hiri District Administration as well as the Hiri political office.

Following the disaster, I decided to relocate my political office to the former Hiri LLG Council Chambers at Kaugere in Moresby South. The office space, however small, was chosen for ease of access from LLG wards and within reach of Central Provincial Government and National Government agencies. To date, the public servants working for the Hiri District Administration are scattered between Konedobu at the provincial government offices and Kaugere in Moresby South.

Some of the public servants stationed at Konedobu are those attached with Hiri District under Education and Health Care Division. All political staff and the CEO of Hiri District and other public servants that provide services to people of Hiri as well as Kairuku upon arrival in NCD have been operating in Kaugere.

Since our relocation three days after the fire, whilst we plan to put up a new building structure to house our personnel of Hiri District Administration and the political staff, there is something sinister happening. Without due process of liaising and consultation with me as their mandated leader, occupying the land under Allotment 8, Section 47, Konedobu, a letter

dated 20 September, 2019, was delivered to my ambulance driver from Tari, entitled; 'Notice to Vacate Allotment 8, Section 47, Konedobu.' Again this morning my driver turns up at my house saying that he was asked to vacate the place at lunch time today, including the motor vehicles and ambulances for my district.

The language of 'unlawful residing' in a building located on Allotment 8, Section 47, Konedobu, in National Capital District, belongs to Mineral Resources Authorities (MRA) does not go well within the jurisdiction of Kairuku-Hiri electorate political office and the Hiri District Administration. The Certificate of Title and survey plan attached were never brought to my attention prior to the fire that occurred on 10 April, 2019, and never mentioned that my office immediately vacate after the fire.

The NEC Decision No.89 of 2009, Meeting No.4, provided clearly in paragraphs 1 and 2, statement of the intent of the Administration Seat for Central Provincial Government under which Kairuku-Hiri District Administration was located. These NEC decisions were made collectively by NEC under the Somare Government.

The State Lease Volume 91, Folio 218, Allotment 8, Section 147, Konedobu, Granville Moresby, is said to have been allocated to Mineral Resources Authority under *Section 72 of the Land Act 1996* for 99 years for special purpose

16/02

The state lease document was signed by former Lands Minister on 11 of November, 2018, whilst I was still occupying the land, and signed by the Deputy Registrar on 20 November, 2018.

My questions are:

- (1) Why wasn't there any consultation between the department or Ministry of Lands and my office prior to signing of the lease titles on 11 November, 2018, knowing too well that there were people occupying the said portion of land?
- (2) Why was an eviction notice given to my ambulance driver after the fire caused huge damage to my office costing my DDA around K400 000?
- (3) Can the honourable Minister provide to this House and people of Kairiku-Hiri who awarded the title by transfer to Mineral Resource Authority or its agents, or whoever may be acting on MRA's behalf?

- (4) What interpretation was made on paragraphs one and two of NEC Decision of 2009 to devoid Central Provincial Government of land titles for its headquarter administration buildings and the district administration buildings as well?
- (5) Can the Minister for Lands & Physical Planning verify the land title transfer of the said portion of land, possibly re-zoning into half or even a quarter to allow my district administration to go ahead with building a new structure for our public servants?

Mr Minister, I think your department needs to do a lot more due diligence when it comes to signing of land titles because it looks like there are similar problems faced by others.

Thank you, Mr Deputy Speaker.

Mr JOHN ROSSO – Mr Deputy Speaker, I thank the Member for Kairuku-Hiri for asking very important questions regarding his district head office.

I am not privy to the details surrounding the circumstances that you have alluded to. It was done prior to my term as Minister but I will definitely get to the bottom of it and I can assure that. If you can provide me with all the necessary information and come to my office, we can both discuss that and get the circumstances sorted out. The only thing that I am aware of is the request from the Central Province Governor. We are helping them to ensure that Central Province is allocated land for their office and we are in the process of giving to them. That is the only thing I am aware of at this point of time.

As for Kairuku-Hiri, I will certainly get to the bottom of it and if you can ensure you get the details to me this week, we will sort it out and advise Parliament.

Thank you.

**PERMANENT PARLIAMENTARY COMMITTEE ON STANDING ORDERS –
AMENDMENT TO STANDING ORDERS, PART XIXA –
CONSTITUTIONAL LAWS – REPORT ADOPTED**

Dr ALLAN MARAT (Rabaul) – Mr Deputy Speaker, I present the Report of the Permanent Parliamentary Committee on Standing Orders relating to an amendment of the Standing Orders, Part XIXA on Constitutional Laws.

I move –

That the Report and its recommendations be adopted.

Mr Deputy Speaker, I rise to present on your behalf as the Chairman of the Standing Orders Committee, the report of the Standing Orders Committee.

17/02

As you are aware, the Standing Orders Committee is established under Standing Order 19(1), which states that and I quote, ‘A Standing Orders Committee to consist of Mr Speaker, the Deputy Speaker and seven other Members shall be appointed at the commencement of each Parliament’.

Mr Deputy Speaker, under Standing Order 19(2), and I quote, ‘the functions of the Standing Orders Committee is to consider whether the rules of the procedures set out in the Standing Orders serve the best interest of the Parliament and its Members, and what amendments (if any) are desirable, and to make reports and recommendations to the Parliament’.

Mr Deputy Speaker, this report is presented to the National Parliament in compliance with *Section 133* of the *Constitution* relating to Standing Orders and pursuant to Standing Order 19(2).

The Standing Orders of the National Parliament have undergone certain changes and amendments since their adoption in 1975 at Independence, the most recent being in 2002.

It has come to the attention of the committee that an issue has arisen regarding the Standing Orders based on a recent Supreme Court decision and the committee has met and compiled this report in relation to that issue.

Mr Deputy Speaker, in Supreme Court Application No. 148 of 2015, the application by Dr Phillip Kereme, Chairman of the Public Services Commission versus the Prime Minister Honourable Peter O’Neill and Others, the Supreme Court decided that there was no method of circulation of Proposed Laws under the Standing Order, and this procedural deficiency is contrary to *Section 14(2)* of the *Constitution* and that the effect of this deficiency is that any constitutional or proposed law amendments not compliant with the *Constitution* would be declared invalid.

The committee has identified that there is clearly no provision made for the circulation of proposed laws prior to the introduction under the Standing Orders.

Mr Deputy Speaker, the committee considered that the comprehensive review of the Standing Orders was needed but could be made at a later date.

However, in the meantime, the Standing Orders Committee having been made aware of the current situation regarding circulation is strongly of the view that a Standing Order must be adopted by the National Parliament to ensure compliance with *Section 14* of the *Constitution*.

The seriousness of the matter dictates that the National Parliament must urgently address this issue as it affects the ability of the Legislature to effectively perform its functions under *Section 100* of the *Constitution*.

For the purpose of this report and due to the urgency of the matter and the potential to prevent the Legislature from performing his mandated role under the *Constitution*, a Standing Order relating to circulation of Proposed Laws must be immediately adopted.

Mr Deputy Speaker, the committee has proposed that the Standing Orders be amended by inserting after the heading, *PART XIXA – CONSTITUTIONAL LAWS* with the following: -.

1. By inserting a new sub heading “Circulation of Proposed Laws”
2. By inserting the following new Standing Order after the subheading ‘Circulation of Propose Law.’

Standing Order 222A.

‘222A. For the purposes of this Standing Order, a Proposed Law shall be deemed to have been circulated when the Speaker causes a copy to be published in the National Gazette not less than one month before its introduction into Parliament’.

3. By renumbering and retaining the current *Standing Order 222A* to become *Standing Order 222AA*.

Mr Deputy Speaker, the Standing Orders Committee recommends:

(a) That Parliament adopt the new Standing Order relating to circulation of Proposed Laws to be known as *Standing Order 222A* together with the subheading “Circulation of Proposed Law,”

(b) That the former *Standing Order 222A* not be repealed but instead be renumbered *222AA* and be retained; and

(c) That a comprehensive review of the Standing Orders be conducted by the Committee and Parliamentary Service staff.

18/02

Mr Deputy Speaker, I commend the report to Parliament and move that the report and its recommendations be adopted.

Thank you.

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

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

Report Adopted.

MOTION BY LEAVE

Mr RAINBO PAITA (Finschhafen – Minister for Finance) – I ask leave of Parliament to move a motion without notice.

Leave granted.

SUSPENSION OF STANDING ORDERS – ALTERATION OF HOUR OF NEXT SITTING

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

That so much of the *Standing Orders* be suspended as would prevent the Parliament from meeting at 2 p.m. tomorrow at which time the Minister for Treasury will present the 2020 Budget.

ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 12.35 p.m.