

-THIRD DAY

Thursday 4 June 2020

DRAFT HANSARD

<u>Subject:</u>	<u>Page No.:</u>
DEATH OF FORMER MEMBER (Mr Dibara Yagabo) – STATEMENT BY THE ASSISTANT SPEAKER	1
MOTION BY LEAVE	2
SUSPENSION OF STANDING ORDERS – MOTION TO PROCEED	3
MOTION –	3
ADOPTION OF SESSIONAL ORDER	3
MOTION BY LEAVE	3
SESSIONAL ORDER – REMOVAL OF DEPUTY SPEAKER	4
VACANCY IN THE OFFICE OF THE DEPUTY SPEAKER – STATEMENT BY THE ASSISTANT SPEAKER	5
ELECTION OF THE DEPUTY SPEAKER	5
QUESTIONS	6
Legislate Reserve Business List	6
Police Budget - East Sepik Allocation	9
Covid-19 Impact on Internal Revenue	14
Supplementary Question	16
IMF Loan Discussion	16
Pogera Mine Issues	20
ADJOURNMENT	26

THIRD DAY

Thursday 4 June 2020

The Speaker (**Mr Job Pomat**) took the Chair at 10. a.m.

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

Sitting suspended.

The Assistant Speaker again took the Chair at 10.55 a.m., and invited the Member for Mul-Baiyer, **Honourable Koi Trappe**, to say Prayers:

‘God bilong Heaven, God bilong graun, God bilong solwara, mipela kam long yu na u, olegta taim yu save behanim lo bilong yu na u save faithful long laikim husat man isave behanim lo bilng yu. Tasol Papa God yu yet yu makim kipela long dispela naispela kantri long dispela Palamen. Mi tok sori tru long mipela ino save behanim lo bilong yu. Yu forgivim mipela, klinim mipla waintaim blut bilong yu. Papa, especially dispela moning mipela kam long yu. Mi prea long Praim Minista na ol ministas na gavanoas. Papa God mi prea na mi komitim ol long han bilong yu. Na mi prea long ol lain bilong mipla istap long Opposisen tu. Papa God mi prea na mi komitim ol long han blong yu. Tenk yu God, tenk yu Holi Spirit, tenk yu Jisas, yu lukautim mipela na u protektim mipla na u gaidim mipla. Give your wisdom long mipla na mipla iken ranim displa nesen the way you want it, behanim olgeta lo bilong yu. Tenk yu God, tenk yu Holi Spirit, tenk yu Jisas mi prea na mi komitim dispela mitin long pawaful na maiti han bilong yu, Amen.’

DEATH OF FORMER MEMBER (Mr Dibara Yagabo) – STATEMENT BY THE ASSISTANT SPEAKER

Mr ASSISTANT SPEAKER – Honourable Members, I have been informed of the death of Mr Dibara Yagabo of 21 February 2020. A former Member for Rigo Open he was first elected to the Fifth National Parliament from 1992 to 1997 and re-elected for the same seat to the Sixth National Parliament in 1997 to 2002.

During those terms he had served as the Shadow Minister for Public Service and Labour and Employment in September 1994. Following the formation of the Skate Government he served as the Minister for Works from July to December 1997, Minister for Finance from December 1997 to December 1998, Minister for Provincial Affairs and Local Level Government until the installation of the Morauta Government in July 1999.

He served as the Deputy Chairman of the Provincial Government Suspension Proceedings Committee and Privileges Committee in November 1999 to 2000; a member of the Provincial and Local Government Reforms Committee from June 2000 and Chairman of the Economic Affairs and Investments Committee from December 2000.

As a mark of respect to the memory of the late honourable Gentleman, I invite all honourable Members to rise in their places.

All honourable Members stood in their places and observed a minute of silence in memory of the late Gentleman.

02/03

MOTION BY LEAVE

Mr RAINBO PAITA (Finschhafen - Minister for Finance and Rural Development)

- I ask leave of the Parliament to move a motion without notice.

Mr Assistant Speaker, as Leader of Government Business, I wish to thank the Deputy Speaker of Parliament who has been outstanding in discharging his responsibilities in this House but given the few changes that have taken place with PNC Party officially announcing its move to the Opposition side, I wish to move this motion to have the existing Deputy Speaker removed and allow appointment of new Deputy Speaker of Parliament.

Objections being raised, leave not granted.

**SUSPENSION OF STANDING ORDERS –
MOTION TO PROCEED**

Motion (by **Mr Rainbo Paita**) proposed –

That so much of the *Standing Orders* be suspended as would prevent the Leader of the Government Business moving a motion without notice.

The motion requiring an absolute majority of 56 Members as required by the *Constitution*, the Assistant Speaker ordered that the Bells be rung.

03/03

The Parliament voted (the Assistant Speaker, **Mr Richard Masere** in the Chair) –

AYES – 71

NOES – 13

Motion so agreed to.

04/03

**MOTION –
ADOPTION OF SESSIONAL ORDER**

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

That pursuant to *Section 107 and Schedule 1.10* of the *Constitution* and *Standing Orders 5* and *284*, the Parliament resolves to adopt the following *Sessional Order* for the removal of the Deputy Speaker:

Removal of the Deputy Speaker

The Parliament may remove the Deputy Speaker by motion, with leave and voting by secret ballot.

MOTION BY LEAVE

Mr RAINBO PAITA (Finschaffen - Minister for Finance and Rural Development)

– I ask leave of the Parliament to move a motion without notice.

Leave granted.

**SESSIONAL ORDER –
REMOVAL OF DEPUTY SPEAKER**

Motion (by **Mr Rainbo Paita**) proposed –

That pursuant to *Section 107 and Schedule 1.10* of the *Constitution and Standing Orders 5 and 284*, the Parliament resolves that the Deputy Speaker of the Parliament be removed.

The motion requiring vote through exhaustive secret ballot, the Assistant Speaker ordered that the Bells be rung.

05/03

(Voting in Progress)

06/03

(Voting in progress)

07/03

(Voting in progress)

08/03

(Voting in progress)

The Parliament voted (the Assistant Speaker, **Mr Richard Masere** in the Chair) –

AYES – 65

NOES – 22

Motion so agreed to.

**VACANCY IN THE OFFICE OF THE DEPUTY SPEAKER –
STATEMENT BY THE ASSISTANT SPEAKER**

Mr ASSISTANT SPEAKER – Honourable Members, as a result of the ballot, the Office of the Deputy Speaker is now vacant.

The Parliament will proceed with the election of a new Deputy Speaker by exhaustive secret ballot. Before I call for nominations, I wish to inform the Parliament that Members nominated must inform the Parliament whether or not they accept the nomination.

In accordance with the *Standing Orders* and the *Sessional Order* adopted this day and the conventions of the Parliament, I now call for nominations.

ELECTION OF THE DEPUTY SPEAKER

Mr RAINBO PAITA (Finschhafen – Minister for Finance and Rural Development) – Mr Assistant, I propose to the Parliament for its Deputy Speaker Mr Koni Iguan, Member for Markham and I move –

That he do take the Chair of the Parliament as the Deputy Speaker.

Mr WALTER SCHNAUBELT (Namatanai) – I second the motion.

09/03

Mr ASSISTANT SPEAKER – Member for Markham, do you accept the nomination?

Mr KONI IGUAN – Mr Assistant Speaker, I accept the nomination.

Mr ASSISTANT SPEAKER – Are there any further nominations?

Mr BRYAN KRAMER (Madang – Minister for Police) I move –

That nominations be now closed.

Mr WILLIAM POWI – I second the motion to close nominations.

Mr ASSISTANT SPEAKER – As there is only one nomination, it gives me the greatest pleasure to announce the Member for Markham, Honourable Koni Iguan as being elected the Deputy Speaker of the National Parliament.

QUESTIONS

Legislate Reserve Business List

Mr JAMES DONALD – Thank you, Mr Speaker for recognising the people of North Fly.

First of all, before I ask my question, I wish to congratulate the Member for Markham for being elected as our Deputy Speaker. I thank the House for electing him.

My question is directed to the Minister for Trade and Commerce and if he can take note and later respond to me.

Mr Assistant Speaker, the country is facing a lot of problems, especially people in the rural areas and many big businesses and corporations have taken over SMEs supposedly meant for locals.

I don't know if the Minister has any plans to enact laws to prevent that from happening. Minor business ventures such as making and selling of ice blocks are being usurped by corporations and big businesses. If you enter any Asian owned shops you will notice that they have made ice blocks and are selling them. Our mothers therefore find it hard to compete with these people.

As a country, are we going to enact legislation to prevent that from happening and if we draft anything, do we have the heart to pass it?

Thank you, Mr Assistant Speaker.

Mr WILLIAM DUMA – Thank you, Mr Assistant Speaker. I would like to thank the Member for North Fly for this very important issue, particularly when we are talking about economic independence of our own people.

Mr Assistant Speaker, when the founders of our country crafted the National *Constitution*, in the National Goals and Directive Principles, number seven, they specifically called for economic independence of our country.

10/03

As you all know numerous leaders who had gone before us have always publicly called for more greater participation by our own nationals in all sectors of the economy.

Way back in 1992, the government at that time introduced the Investment Promotion Authority (IPA). And at the same time, it introduced activities for citizens as well as companies which had participants or shareholding by locals and they were also called National Enterprises. If you were to go back to the 1992 list, our people were restricted to some activities; for example, involving in agriculture where the income was less than K50,000.

In the case of Fiji; for example, they were only restricted to fishing in the coastal areas where they have a 3km zone from the shore.

Again, our leaders at that time thought that we only had the ability to go to that extent. And as a result, some of you also remember that in the retail industry, the government introduced the Stret Pasin Stoa Scheme. Our people were also allowed to get credit under the Nation Credit Scheme. That was administered by the Finance and Planning Minister at that time.

Mr Assistant Speaker, it is not say that our leaders at that time failed in their attempt to go out and buy for our own people. But there were number of factors that restricted our people to be involved fully in the economic sector.

Mr Assistant Speaker, again in 2004, the Government introduced the cottage business activities. If you look at it our people were even restricted to engage in the Forest Industry to collect certain species of forest products.

Finally, in 2016, when Honourable Richard Maru was the Minister for Commerce & Industry, he introduced the SME Policy which in many respects was quite extensive. It depends on how the government intends to tackle this very important issue. Either by leaving the policy alone with the legislative vacuum so the bureaucrats can implement that policy or to legislate specifically, to give support and strength to our nationals to be involved in this sort of areas.

Mr Assistant Speaker, this is a very delicate balancing act. I agree with our good member. We are seeing foreigners being involved in sectors that should be reserved especially for our people. Now is the time for us. If we have to legislate, we must do.

The other issue is, how far will we go? To what extent? Because we are also a member of United Nation (UN). Way back in 2008, the United Nation have also called for certain areas to be reserved.

If look at the example of Malaysia where they have the Bumiputera Policy meaning sons of the soil policy, they have legislated in a positive way or discriminated in a positive way for their citizens. In many respects, this has been working in Malaysia.

Mr Assistant Speaker, what the Investment Promotion Authority (IPA) has been doing is to reconcile these three different important policy frameworks:

- (1) The lease that was set out in the *1992 Investment Promotion Act* and the amendments were done;
- (2) The *Special Cottage Business Activity Act*; and
- (3) The SME Policy that was introduced in 2016.

So, I can announce to people of our country that the Investment Promotion Authority has been looking at reviewing the reserve_list. I have also personally admitted to the members of MSME (Macro-Small Medium Enterprise) Council and the work is already half way to looking at everything. We want to strike a balance. Our people do have the knowledge in the construction area which they can build anything, except for LNG reconditioning plants or LNG wharfs. But in other areas of construction, our people have come of age.

These are the areas that we need to look at and it does not mean necessarily that, we just simply pass this reserved list of business activities to our people and we expect them to operate in a vacuum. Our government must look at building the infrastructure, the business support schemes, the business incubation centre and the knowledge and skill for our people to operate in.

11/03

We cannot simply introduce a list and then leave it for our people because competition is there. So, I'm pleased to say that, this government has allocated K200 million in the Budget and as you would have heard from our Treasurer another K100 million has been allocated under the Covid-19 response.

So, in terms of finance, we feel that we will have the money available but the challenge now is for us to strike that balance, remembering that even some of those business that are operating in the country which are owned by expatriates are also very good taxpayers.

Mr Assistant Speaker, consistently, I received a call from representatives of the PNG Chamber of Commerce who were engaged to know what we are thinking of doing and I explained to them that we will consult them. Of course, they remain important partners in the way we see to advance our country economically.

To answer the good Member's question, this government has recognized the struggles that our people have gone through many years and this time around, we want to do it in such a way that we meaningfully help our people to participate in the event that we have already come over an age. At the same time, we meaningfully provide the funding which the government has already announced and then educate our people through SME corporation businesses to sign the contract so that when we help our people through funding them, they have the ability to run businesses.

We have seen the struggles of our people in the 'Stret Pasin Stoa Scheme' for instance; and we have seen the struggles of plantations back in the early 70s so we don't want to go down that part. This government wants to do things differently and meaningfully for our people.

We are undergoing this review. The other one will include the views from all the sectors and we hope to present something that is acceptable to all the stakeholders involve.

Thank you, Mr Assistant Speaker.

Police Budget - East Sepik Allocation

Mr ALLAN BIRD – Thank you, Mr Assistant Speaker. Before I ask my question, I would like to congratulate the Member for Markham on his elevation. At the same time, I want to recognize the former Deputy Speaker, Honourable Jeffrey Komal, I want to say to you that when many of us were in the Opposition, you were a fair and a fine Deputy Speaker and you brought credit to this House. So, behalf of my people of East Sepik I recognize you Sir. Thank you for your service.

Secondly, I wish to apologise to the Chair for my behavior the other day.

Thank you, Mr Assistant Speaker.

Mr Assistant Speaker, my questions are directed to the Police Minister and I ask this question recognizing fully well the issues that are going on in America and recognizing some of the contributions from some of the honourable Members of this House in relation to the behavior of Police. To illustrate my fears in Papua New Guinea, the police are fast becoming

an enemy of the people and I fear that we may see issues like Americans and hence let me frame my questions in this way.

We've been talking about the law and order for a while particularly the governors and whilst there is a strong focus in the cities, we have problems in all the provinces, Mr Assistant Speaker. One of the things I would like to see and I keep asking this question in this Honourable House is the issue of evidence. I'd like to see Ministers particularly the Minister for Police and I base this question in relation to his response to the Member for Lagaip-Porgera for his question yesterday. I notice that the Minister always gives the same answer and he never provides evidence. For instance, when you ask him about police issues, the first thing he will say is "I'm only responsible for policy", which is fine.

The second thing he always talks about is the station of excellence. The third thing he talks about is the body cameras and the GPS trackers.

Mr Assistant Speaker, yesterday he introduced a new concept. He wants to move the PPCs around as a way of solving the issues we face in law and order and in police particularly in our provinces.

Mr Assistant Speaker, East Sepik has had three PPCs since I've been governor and I've been governor less than 3 years. I have no desire to see another PPC come to my province. I think this particular guy is not my 'wantok' and relatives. I'd like to see him go for 3-4 years. Let him complete his job. I don't want another new PPC in my province, Mr Assistant Speaker.

The next point is that, I notice that Police Budget has gone up to K380 million and in there, there is an item that says K7 million is for East Sepik.

12/03

I would like to ask the Minister, if he can table it in this House what that K7 million constitutes so, that at least my people of East Sepik in the interest of transparency and good governance can know how that K7 million was budgeted. In my own findings, I have spoken to all three PPCs; PPC Philip, Gesa and Beli, and they have all performed excellent jobs.

However, when I asked them they all gave the same response by saying; we have insufficient funding.

Mr Assistant Speaker, like all the other governors, we have stepped up. In my province last year, we gave them K300 000 to fix the funding gap. At the same time, we bought three new vehicles. This year we are going to buy nine new vehicles plus an

allocation of K700 000. Apart from that, with the assistance of all DDAs, each electorate has allocated funds to build new houses for police personnel in Maprik, Wewak and Angoram.

With this much allocation and planning of building houses, we really want to demonstrate to the Police Force that the people of East Sepik want good policing. But we need to understand how this K380 million will be allocated. Will there be any assistance from your hand to the province? We need to know because my six Open Members are planning bigger development for the province. We will build a new police station in Yangoru with the assistance from the Member for Yangoru-Saussia. We are trying to fix law and order issues but we need to see the policy from the Department of Police. The Minister has never once presented on this Floor of Parliament on what policy he relates to. We have witnessed it verbally but not seen anything on paper. I would really want to see that because law and order issue is a very serious.

The other issue which I have been asking on this Floor of Parliament, is substantive positions-

Mr ASSISTANT SPEAKER – Honourable Governor, can you ask the questions?

Mr ALLAN BIRD – I am asking my questions, Mr Assistant Speaker. We need Chief Inspector below the PPC level and I have requested for this. At the moment, all our PPCs are senior sergeants. What you are lacking is a missing middle management.

(1) What is the Police Minister doing to fix that problem of middle management?

(2) What is the policing strategy and can the Minister present this on the Floor of Parliament so that we all will know?

(3) Who did they consult in developing this strategy? Did they consult any of the governors and PAs?

If so, please present it on this Floor of Parliament.

Mr BRYAN KRAMER – Mr Assistant Speaker, I thank the Governor for his questions. In our earlier conversation I asked that it's important for us to come and debate the issue. He has asked number of pertinent questions and I appreciate that.

Firstly, on the issue of K380 million that's been budgeted for, it's very important that we all must understand rather than certain members and governors come and complain about getting budget allocations and not receiving the funds. Yes, police have got a budget of K380

million but doesn't mean we actually get that amount. Just as some governors complain about not getting their recurrent budget.

In January, we were supposed to get our monthly recurrent. The Department of Treasury has allocated half of it and in February same thing happened. We must understand that we just returned from a global pandemic which is Covid-19 which has affected the entire world population.

I really appreciate the Governor's request for strategy and policy to be presented on this Floor of Parliament.

Unfortunately, in the last three months we have been trying to save the country from a global pandemic. I am sure he would appreciate because we didn't have time to sit down and write policy papers to present so it sounds great here. But yet there is nothing to follow through, presenting statements is one thing but actioning it by implementing is another thing.

On the question of what the K380 million was budgeted for; in terms of district services – K10 million, Bomana Training College – K31 million, other training and police personnel – K4 million, personal welfare – K3 million and policy administration – K57 million, and so on.

Mr Assistant Speaker, I can go through the entire list of the Police Budget but there is no point if we don't get our budget allocation.

It's true what the Governor has mentioned that I have on numerous occasions spoken about the Station of Excellence that would reform the entire Police Force but these results don't come overnight. Governor, how many public servants working your province that you take care of?

As for me, we are trying to manage 7300 police personnel for the entire country.

13/03

I am a first term Minister. I would rather be back in my district but someone has to fix things at the national level that wasn't created by us. I am sure the Governor would understand those issues that he faced in his own district. I appreciate those Governors and Members that commit to policing on the ground.

We get DSIP, and there was once when Members used to get K30 000 a year where all the money went into the national departments and the police functioned and the national works functioned. Now a significant amount of the budget is coming back Members and provinces, therefore, it means that money that was supposed to come from the national level

has been undercut and that is the reality because the public service didn't deliver. I have 7,200 police personnel that have guns that we have to manage. You only have to manage a public servant who does not turn up to work.

There are many issues that we face in the Police Department and there is no quick fix. So, it is going to take another year and we are dealing with the administration right now. New commissioner, new deputies, new ACPs get contracts. And on the question relating to moving PPCs, I understand the governor has good PPC and wants to keep him because he is a good one so does everyone else, but if you have a bad one you will want to get a new one. So the policy of changing PPCs every two years, is keeping them accountable so that they do not go and do other things outside of policing duties.

Mr Speaker, we are trying to standardize the professional and commitment of our officers. So, when you get a new PPC after two years, they must maintain the same standard as previous ones; so, we do not send you the next bad PPC. I get requests every day or monthly for a new PPC. There are so many letters flooding my office. I can get another PPC have him sent and later on you are complaining about him. We are trying to fix the problem, by when we send you a PPC, from the direction of the commissioner; that you will have a PPC that does his job.

Right now, we do not have those and we are trying to manage the rank and file. During the SoE, for the first time, a hundred promotions were considered by the Police Promotions Board. Previously the commissioner went ahead and promoted anyone he wanted to. This commissioner has been directed to follow the law. And according to this law of the promotions board, people apply to get promoted. So, there is a promotions board for last year, one for this year and there will be one next year. Good officers who are working without recognition now can get recognition and be promoted. Under these, they will be trained and deployed.

Under the AFP Programme, there is ongoing training by trainers coming out of the UK. Some trainers are saying they are quite impressed in some of our officers who have undergone training and some have exceeded in their training. This are the issues that we are facing under the Marape-Steven government. Something we did not create but one that we are forced to fix.

Mr Speaker, the Station of Excellence is in one location and that is Waigani. But we were trying to procure body cameras, dash cameras but due to the Covid-19 we had to slow down and put that project on hold and worry about saving our people. As we come off SoE,

discussions will get back to getting that project back on line. Delivering it and moving it to your province.

Covid-19 Impact on Internal Revenue

Mr ALFRED MANASE - My question is directed to the Treasurer. But before I ask my question, I would like to congratulate Honourable Member for Menyamya who has been elected to this Parliament in the last by-election. I would also like to congratulate the Member for Markham for being elected as the new Deputy Speaker. And finally, I would like to thank the former Deputy Speaker for a job well done.

My question is short and it refers to a question asked by the Assistant Speaker yesterday. Whether or not income tax relief could be given?

14/03

The Treasurer said the revenue arising out of income tax is about K11 billion therefore nothing could be done. (1) In those circumstances, could the good Treasurer inform the Parliament the impacts of Covid-19 on our internal revenue? (2) If there is a considerable revenue gap on the revenue collections for the State, how will the Government bridge that gap? (3) Will it bridge the gap either by expenditure cut or an increase in revenue through other means, for instance, more borrowing? (4) If so, when will it come to this Parliament for its approval by way of a Supplementary Budget? (5) If not, why not?

Mr IAN LING-STUCKEY – I thank the Member for his questions. I think the important question that he asked this morning is in relation to the impact of the Covid-19 pandemic on our internal revenue.

Mr Assistant Speaker, there is a significant impact on our revenue as a result of this pandemic. If we look back at our revenue numbers for this year's Budget, our revenue figures were focused at K14 095 million. The latest econometric forecast that we have received as I have mentioned earlier and I will touch most of the details in the statement from the IMF. In working with other multilateral friends together with our bilateral friends, there is a revised number for the decrease in revenue. This Parliament will recall that we had announced that revenue will drop by K2 billion. I will go into more detail in the statement but the revised figure is K2 222 million or K2.2 billion downward revision on our revenue.

Mr Assistant Speaker, what that means specifically is that, if we look at the break-up of our K14, 095 billion in revenue, we will see that tax revenue forecast this year sits at K11 308 million. If you take off K2 222 million from that figure, you will end up with about K9 086 billion. That is the specific effect and the new revised figure for revenue. This is where we are at this morning and today on our revenue numbers.

With reference to some key questions that the Member asked. How will the Government bridge this gap? Will we be adopting expenditure cut or more borrowing? I will give a detail reply on that but it is suffice to say this morning that the revenue gap will be filled by two main interventions at this point in time.

15/03

Firstly through additional borrowing and today I will announce the specific numbers that the multi-laterals have assisted with our government and I will also announce some detail numbers on budget cuts to deal with this problem that was created by this pandemic not by this government.

Mr Assistant Speaker, is there a need of a supplementary budget, as you know, the primary reasons for supplementary budget are for government to increase their spending. So far, the announcement of our budget component of K500 million now increased to K600 million in our economic stimulus package, it does not warrant additional expenditure because we will incorporate that into budget cuts, that is why there will be no reason for budget cuts.

Mr Joseph Lelang – Point of Order! Mr Speaker, I just like to correct the Treasurer, if the reason for introducing supplementary budget is to increase the expenditure, that is not the case.

The reason for introducing supplementary budget is if the macro-economic assumptions that underpin the framework of the 2020 budget is been violated. Therefore the whole budget framework once thrown out of the window, the assumptions no longer hold true therefore you have to introduce the supplementary budget to correct it and bring the Budget back on path, that is the whole reason. Whether there is a windfall in taxes in our revenue or large blowout in expenditure or a combination of both, they warrant, is it a supplementary budget, it is not for increasing expenditure. So, when there assumptions are violated they must introduce a supplementary budget, thank you.

Mr Ian Ling-Stuckey – Mr Speaker, I have concluded my answers to the questions, thank you.

Supplementary Question

IMF Loan Discussion

Mr PETER O'NEILL – Thank you Mr Speaker, just a supplementary to the questions raised by the member by Kandep and also taking note of what the shadow Treasurer has stated.

Supplementary budgets are very necessary when there is a substantial change in the Budget assumptions. When the Treasurer is talking about close to 10 percent reduction in revenue estimates, that is a substantial reduction and Parliament needs to know those numbers.

Mr Speaker, in addition to that, my supplementary question is that this government came in with a promise to the nation stating there will be no more borrowings and yet the Treasurer is going around the world seeking borrowings to finance its shortfalls on Budget.

Mr Speaker, can the treasurer confirm that the discussions that he is having with IMF, is about a loan of almost \$364 million.

Mr Speaker, can he confirm whether our Treasury officials are involved in these discussions. Secondly, can he confirm or deny that all the negotiations done on behalf of our country are done by consultants.

Mr Bryan Kramer – Point of Order! Mr Speaker, the former Prime Minister question is not a supplementary question. A supplementary question must relate specific to the question first asked and so the other party or the person answering can elaborate on areas that were not covered in the answer to the question.

In this case the former Prime Minister and Member for Ialibu-Pangia is raising new issues and therefore it is not a supplementary question. If he wants to withdraw his supplementary question and ask a fresh question to the minister then that will be appropriate, thank you.

Mr PETER O'NEILL – Thank you Mr Speaker, let me say, he is talking about revenue estimates and of course loans that he is trying to seek the Budget

16/03

but let me state that he is taking about revenue estimates and loans that he is going to try and seek to fund the budget.

This is related to the question that the Member for Kandep has asked, that is why I am asking him, who is negotiating on our behalf for the loans he is seeking for from IMF. We have officials mandated by law. The Treasurer yesterday did not even table the final outcome report of his accounts to this honourable House and the Nation as required by law; he has breached the law.

Mr Assistant Speaker, he is allowing consultants to negotiate on behalf of the Nation! As we speak today, the warrants that are issued today are being approved in Canberra. This is what the Treasurer needs to explain to this honourable House.

Mr James Marape – Point of Order! Mr Assistant Speaker, the *Standing Order* clearly states that no questions that infers or is based on hearsay must be asked on this Floor of Parliament. So, can you remind the Member for Ialibu-Pangia, who is very learned and experienced in the proceedings of Parliament to base his questions on facts and not assumptions.

Mr ASSISTANT SPEAKER – Member for Ialibu-Pangia can you state your reference to your points. Thank you.

Mr PETER O'NEILL – Mr Assistant Speaker, I am concerned that there was a Skype Meeting that took place this week with IMF Officials and the board is going to sit tomorrow in Washington, to consider our requests.

(1) Can he confirm or deny that and who is leading those investigations on behalf of our country?

(2) What condition is IMF putting to this Nation, including valuation of our currency and all the other conditions that they normally apply when money is lend to countries like Papua New Guinea?

Thank you, Mr Assistant Speaker.

Mr IAN LING-STUCKEY – Thank you, Mr Assistant Speaker, and thank you for the many questions that is floating around on the Floor this morning.

Mr Assistant Speaker, there are several of them and I am not very sure if they are being put to me but I will try to answer them.

Firstly, in relation to the Supplementary Budget, as to the arguments put forward by the Shadow Treasurer that Supplementary Budgets are required even if assumption have or have not being met; and in relations to the comments made the former Prime Minister that there is a need for a Supplementary Budget because expenditure I hear was significant.

Mr Assistant Speaker, the facts are these. The Appropriation Acts allows for a ten per cent increase in expenditure to be authorised by the Treasurer, whether those assumptions have been met or not that is the Act and that is the authority of the Treasurer.

So, specifically, if I was allowed to detail my statement this morning then it would explain everything but since we are so eager to have the answers of the K5.7 billion Economic Stimulus Package. In the last statement K500 million which is now increased to K600 million is the Budget component –

Mr Joseph Lelang – Point of Order! Mr Assistant Speaker, the 2020 Budget is K4.6 billion not K5.6 billion. I need to correct the Treasurer because Parliament has not passed an Appropriation Bill to authorise the deficit to sit at K5.6 billion.

Mr IAN LING-STUCKEY – Thank you, Mr Assistant Speaker. As I was saying before, I was prematurely interrupted. When we had announced the K5.6 billion Economic Stimulus Package, K600 millions of that was the Budget component. And this morning I will give the break ups of that K600 million for those that don't want to come into Parliament.

Mr Assistant Speaker, of that K600 million, there seems to be confusion because my colleague the shadow Treasurer continues to be confused.

17/03

The K600 million is not new and additional spending. That's a budget cut. So, in fact, expenditure in our 2020 Budget are the same. Therefore, as I've said so often, there's no need for a budget cut.

But, even if the K600 million was additional expenditure, the Appropriation Act allows the Treasurer to increase spending by 10 per cent without having to come back to this Parliament. And 10 per cent of K18 billion –

Mr Joseph Lelang – Pont of Order! Mr Assistant Speaker, I wasn't referring to the savings identified. We know the law, 10 per cent, yes, but you are talking about the size of the budget deficit. Because the size of the budget deficit requires Parliament to authorise the financing options to finance that budget deficit. That's the reason. Your explanation is not the reason why I interjected.

Mr ASSISTANT SPEAKER – I'll allow the Treasurer to complete his reply and I think he will also reply in depth on his statement.

Mr IAN LING-STUCKEY – So, as I was saying before being interrupted, 10 per cent of our expenditure for this year's budget, that's 10 per cent of K18, 727 million which is how much, K1.8 billion, you can see that even if this is new expenditure of K600 million, I'm still well below the 10 per cent authorised by the Appropriation Act. So, let us not be too concerned or even confused in relation to whether we need a supplementary budget or not.

In relation to queries by the former Prime Minister regarding, I heard him mention K364 millions, I really did not receive that question. I am happy to answer that question once he puts that question on paper to me so I can respond to him in more detail.

But in relation to negotiations with the IMF, Mr Assistant Speaker, whether it's done by consultants? Mr Assistant Speaker, I don't know where that allegation comes from.

Mr Assistant Speaker, my team at the Office of the Treasurer comprises of advisors in both Australia and PNG. In fact, Mr Assistant Speaker, the advisors that provide advice to the Treasurer today are the same advisors that provided advice to my predecessors in Treasury and also to the former Prime Minister. So, I am surprised why he would ask me that question.

Number two, Mr Assistant Speaker, as you know, at the Office of Treasury, we need economists. It is highly technical. We need staff that have a vast experience in this area and the capacity within Treasury, as we all know, are not always there and don't meet our expectations as we would like it.

And so we have additional advisors that I have, some from Australia and some from America, Mr Assistant Speaker, as with many, many ministers in this government and with past governments they are part and parcel of this team together with very, very loyal and competent Papua New Guineans that provide some of the mainstay of our discussions.

In addition to that, when we came into government we had very serious concerns and issues with the correctness and accurateness of our national accounts, we also engaged the help of the Australian Treasury.

Mr Assistant Speaker, the Australian Government has been very supportive of our government, both in relation to technical advice and of course, assisting us with our fiscal position.

So, Mr Assistant Speaker, I see absolutely nothing wrong with using advisors, whether they be from Papua New Guinea or abroad, so long as those advisors are competent and are fully committed to the policies of the government of the day.

Mr Assistant Speaker, in relation to a skype discussion, I am not aware of that and I would be happy to respond to anymore further questions in that regard.

Thank you, Mr Assistant Speaker.

18/03

Pogera Mine Issues

Mr CHARLES ABEL – Thank you, Mr Assistant Speaker. I am conscious of the time of course but maybe, we can fit in one more question. And I just quickly also want to congratulate the new Deputy Speaker, the Member for Markam on behalf of my people of Alotau. I also extend our gratitude towards the former Deputy Speaker, Honourable Jeffery Komal who as Governor Bird said, did not put the food wrong. He did a fantastic job but, that is politics.

Mr Assistant Speaker, my question goes to our Prime Minister and it relates to the ongoing issues at the Porgera Mine. And I just want to pay my due respect to all the Members from Enga Province, in particular the Governor Sir Peter Ipatas and of course the Member for Lagaip-Porgera.

Whilst, I raise this question, Mr Assistant Speak, I just want to voice some of the concerns that are out there relating to the mine affecting many families and businesses throughout Papua New Guinea today. Of course, this relates to the concerns about the uncertainty over the Mine, that are affecting 3000 to 4000 workers. For an example, Hundreds of sub-contractors are being affected, up to 200 highway vehicles are at the moment parked up that would normally service the Highlands Highway. Up to 500 suppliers throughout the country particular in lae, that receive more than K1 billion a year in supplies

from the mine are affected. The landowners and communities around the mine are also being affected.

Mr Assistant Speaker, I see world class investors who are willing to negotiate and willing to be flexible. I see a wonderful opportunity for our government. I see world gold price at US\$1700.30 an ounce today, I see an economy that is struggling, I see landowners who want to continue engaging with the existing operator, I see a wonderful opportunity for our country and I think the expiry of the SoE gives us just that opportunity.

I know the words of our Prime Minister is seeking better arrangements from these resource projects and we all subscribe to that. The simple question I will give to the Prime Minister is that, today, on behalf of the people that are being affected; can he give assurances to the families and the businesses that are affected by the uncertainty around the Porgera Gold Mine, that our government is moving as fast as possible to resolve those issues and to find a win-win situation and alleviate the fears, that are literally affecting thousands of families today in Papua New Guinea?

Mr JAMES MARAPE – Thank you, Mr Assistant Speaker. I thank the Member for Alotau for asking a very important question, relating to the Porgera Gold Mine. I am sensitive that the matter is also before court. I'll try to steer it clear on matters that are of public policy instead of going to matters before court.

Before I do so, I would like to make few comments, let me thank first and foremost, the Member for Nipa-Kutubu who served in the Office of the Deputy Speaker. Unfortunately, because he is sitting on the opposite side, we had to make this call to ensure that someone on the Government side fills the Office of the Deputy Speaker. He has served distinctively and as you can see, politics is not tribal but based on principles and party alignments. He belongs to Peoples National Congress (PNC) Party that is why he moved to the other side of the House. Here from the Government side will give support and thank him very much for the good work he has done in his term as the Deputy Speaker of the House.

Let me also congratulate the Member for Menyamya for regaining the seat he held in the last term. We welcome him again into the House also and congratulation of the highest order to be honourable Member for Menyamya.

Let me also thank Members from both sides of the House on the huge vote on ICAC yesterday.

19/03

The ICAC Bill was introduced when the NA led government was in office. Let me commend the former Prime Minister of the last government (PNC-led government) had a strong hand in pushing this contrary to many opinions. Many times, we all brand each other as corrupt, but politicians shaved great resolve. Last time we progressed this Bill under the previous PNC-led governments watch and thankfully this time both sides of the House in a bipartisan approach delivered this Bill yesterday. We have now delivered ICAC or are in the process of delivering ICAC.

Anyone out there who feels that you have the right to fight corruption, you can go these competent authorities. No one stops anyone from going to police or going to Ombudsman or in this instance, we are setting the ICAC.

Let me thank both sides of the House we are delivering to what we committed to our people and the ICAC vote yesterday is a testament of our members who are conscious of their duties to our country and I thank again each and every Member who participated in in the vote.

On the issue on Porgera, we are sensitive to localized issues in the Porgera valley; those who are affected by the closure as well as the national sensitivity that go with the close of the mine.

There was nothing very much we could do at the executive arm, the process of renewing the lease or failing the lease is completely different independent process that rests with the mining advisory council.

When Barrick Gold Limited bought shares into Porgera in 2006, they very much knew that the lease will expire in 2019. Contrary to headlines that Barrick was running globally that we nationalized this mine, this is completely false.

An independent country through legitimate process that was on foot refused renewal of the lease. Based on the ground that we don't owe explanation to industry or anyone for that matter. It has different processes and myself sitting as Prime Minister in the chair of the National Executive Council has no control over the processes that take place below us.

Refused lease and we are now not resting. Government process has been at work and part of the processes has been delayed because Barrick has gone back to court and has initiated court proceedings that has stopped us from moving in a big space publicly. But, we are working around the clock to ensure the mine is restored back at the very earliest under

new and better terms for our country so that we can get more from these resources that are rightfully ours. For, we live with a legacy of mines in our country.

I told the mining industry when I met them in Brisbane early this year. Papua New Guinea and Papua New Guineans will live with the consequence of mining industry in our country like other extractive industries. There can be no greater example than the effect of Panguna mine. Well after the last piece of copper was shipped in 1988, our country continues to pay the price of a gold mine every year in year out. We pay the price of Panguna mine but the people of Bougainville pay the highest price; the loss of lives including continual residual effect of their environmental damage.

Our country is paying the highest price. One part of our beloved country wants to succeed or break away from us because of issues directly related to the mine.

20/03

In this instance in Bougainville, the greatest price is where one part of our beloved country wants to break away from us. So multinationals, I beg you to be sensitive to us. We didn't nationalise Pogera but the lease has expired. The owner has said that time is up and no more so why do you want to fight for it? You got to be answerable for the huge damages done to the environment such as rivers.

The amount of rubbish that you have thrown into Pogera River and flows downstream to the Strickland where the people of Kli continue to drink from it. Are you aware of it or not? Since the operation commenced, have you built the township that you have promised?

There are a lot of legacy issues not attended to and I am one Prime Minister who will never sacrifice and compromise short-term gains for the long-term gains of our country.

And so, when the lease expires then the process of the government takes over and we will deliver to a conclusion at the very earliest before 16 September, 2020. We will be in a position to know the future of Pogera Gold Mine when it restarts again.

In the month of June, we will reach some advance progress in as far as Pogera is concerned, and we are at work and I appeal to the Members of this House to be at work tomorrow, Friday and continue next week. There are some amendments that we are working on and Parliament has every power to make laws that will secure additional revenue for our country as well as tightening loose ends in which revenues are misused and misapplied like the ICAC Bill we have passed yesterday.

And so, I asked this House to come next week and tidy some laws in as far as *Mining Act* and *Petroleum Act* are concerned. This are not new and harsh but minor amendments that will put into perspective the future of resources in our country.

We will get Pogera back to operation at the earliest and I assure all landowners and Provincial Government up there, including those who are living in affected areas from downstream from Pogera and Strickland Rivers into the Fly River.

The precedence of us leaving after life of mine completion under original terms is that in OK Tedi Mine for instances, and I give credit back to former Government lead by the former Prime Minister, Peter O'Neill where precedence's set in OK Tedi. We have a mine that is now running very well under our terms and has improved equity given to landowners and provincial governments. The Government that I lead today, we are Pro-Papua New Guinean based government in terms of empowering our citizens. Whether at the land owning level or provincial government level.

Therefore, Pogera gives us an opportune time for us to reconstruct. In taking this question, I put to Barrick, your lease has expired, don't fight me, this government and this country. This country will live on beyond James Marape's time. As Prime Minister, I am passing through time and someone else will be Prime Minister or Minister for Mining into the future. Therefore, be sensitive to the call of this country and when we grant you lease and when its expired, then talk to us as owners of the resource. You have no right over these resources and have no right to offer anything to us in fact. And so, we are processing through legitimate process in as far as our *Mining Act* is concerned. We are processing Pogera and I appeal to landowners and beg your understanding. This resource rightfully belongs to the people of this country including the landowners who are right in the precinct of where the resource is located.

To the truckers for instances, I met them and assured them that if it goes any further we will link you to the SME partnership with the bank we have so that they can take care of your downturns and you can be looked after in that context. And when mines resumes you will still supply your services to the mine.

21/03

If you do your math, at today's average price of US\$1500 per ounce and harvesting at US\$ 600 thousand ounces a year, it will be about US\$950 million worth of gold being produced up there in the mountains of Porgera.

Mr Assistant Speaker, we are embarking on this very diligently. We will give a first opportunity as to reconstruct a legal platform on which we will sit and negotiate. We will give an opportunity for Barrick to sit down and talk with us. For instance, we are looking for operators and equity partners. I can't pre-empt the outcome at the end of the process. I as the Prime Minister cannot decide unilaterally. The system of governance that we set up through the State Negotiating Team or SNT are processing these things. We have given them a timeline to conclude this phase in the month of June and in July conclude another phase. They are working with the programme to bring the mine back to operations at the very earliest under terms that will ensure we are sitting on the table as resource owners and allowing developers to participate with us as operators of the mine.

Mr Assistant Speaker, this is the way we are moving in addressing these issues. The Marape-Steven Government is getting more for the country at terms that are not harming investors but friendly to them based on their Internal Rate of Return or IRR. If you propose a better IRR then we will give you the contract. This is the way we are moving and I ask this Parliament and our country that sometimes it is worth sacrificing short-term benefits for the gain of long-term benefits.

Mr Assistant Speaker, we have seen in the past hastily drawn up agreements by governments of the past intoxicated with dreams of short-term gain. I was around in 2009 and 2010 when we were all impressed with the windfall that will cascade from mega projects but today we are still talking about deficit budgets. With the opportunity to gain more money that is presented in Porgera and other resource projects before us we will not be in haste.

I know times are tough and I am under the pump because everyone including conventional economic commentators are telling me that I am going insane and am killing my country. Let us go through this phase and see what lays ahead of us. The gains of what we are going through today will be felt 5 to 15 years from now.

Mr Assistant Speaker, I beg all of us to understand. We will process Porgera at the very earliest with our Deputy Prime Minister, the Mining Minister and our State Negotiating Team spearheading and establishing the legal platform to address this issue.

Let me close off by saying Porgera is different from Wafi-Golpu, Lihir and the PNG LNG Project that is currently on foot. We are a matured democracy and every agreement secured under existing regimes will run its course. The Porgera Lease has expired and this is the first time our Government is faced with expiry of lease and we are treating it diligently.

We have to so that we can come out of it bigger, better and richer for our country going into the future. Thank you, Mr Assistant Speaker.

Sitting suspended from 12.50 p.m. to 2 p.m.

22/03

Mr RAINBO PAITA (Finschhafen – Minister for Finance and Rural Development)

– On behalf of my people of Finschhafen, I congratulate you and the people of Markham on becoming the Deputy Speaker of the National Parliament of Papua New Guinea.

ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 2 p.m.