

SEVENTH DAY

Thursday 11 June 2020

DRAFT HANSARD

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PARLIAMENTARY DEBATES CORRECTIONS TO DAILY DRAFT HANSARD

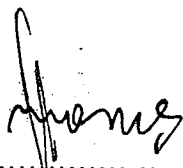
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.....
Mr Harry Momos

Acting Principal Parliamentary Reporter

SEVENTH DAY

Thursday 11 June 2020

The Deputy Speaker (**Mr Koni Iguan**) took the chair at 10 am.

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

Sitting suspended.

The Speaker (**Mr Job Pomat**) then took the chair at 11.05 a.m., and invited the Member for Lufa, **Honourable Moriape Kavori** to say Prayers.

‘Morning powerful God Creator, tete long dispela morning mipla kam bek bung long dispel haus, Parliament na,tenk yu long God long Heven Yu lukluk ikam daun lukim Spika long ronim dispel Parliament Haus wantaim ol Prime Minister, olgeta Ministers, olgeta Members long Parliament, Opposition Lida, Yu givim mipela gudpela wisdom, gudpela tingting na gudpela Spirit. Long yumi ken toktok o discuss long issues long kantri, na lidim dispel kantri na sevim pipol bilong yu inap Jisas ikam, Olsem na mipela prayer larim igo long han blong yu. Papa God long Heven, mipela ino gudpela, mipela i sinman, mipela askim yu wasim olgeta sins blong mipela long blood bilong yu pastaim, na harim dispel prayer, na kam wantaim mipela long dispela hour long toktok blong mipela. Amen.’

02/07

QUESTIONS

Budget Revenue Loss

Mr JOSEPH LELANG – Thank you, Mr Speaker, for giving me the opportunity to ask my questions. My series of questions are directed to the Treasurer.

Mr Speaker, the negative effects of Covid-19 pandemic on our economy has been outlined by our Treasurer, Mr Ian Ling-Stuckey, recently in his ministerial statement, of particular interest is the fall in budget revenue by K2.22 billion.

My questions are;

(1) Is the projected loss of K2.22 billion revenue to the State in 2020 solely caused by the effects of Covid-19 Pandemic?

(2) What about other losses of revenue that are not caused by Covid-19 Pandemic?

The example in mind is the Porgera Gold Mine which pays on our rates of K450 million corporate taxes each year in addition to the personal income taxes, dividend withholding taxes and the entire value chain of suppliers like the truckies, the shops, food supplies and other service providers that depend on the Porgera Mine?

(3) Has the revenue implication been modelled to know how much loss in revenue the State will expect in 2020 as a result and how it is going to affect revenue forecast for 2021?

(4) If this has not been captured in the reported K2.22 billion revenue decline projections for 2020, will the Minister give an undertaking to ensure that these and others are included to ensure that we get a more realistic estimate of revenue shortfalls for this year?

(5) Does the Minister have any plans to address these revenue shortfalls and fill in the budget hole rather than trying to fill it up with more debt?

Thank you, Mr Speaker.

Mr IAN LING-STUCKEY – Thank you, Mr Speaker and I thank the Shadow Treasurer for his questions.

Mr Speaker, at this point in time our economy is continued to be battered by this global pandemic and it has really disrupted our budget projection, both the revenue and the costs. And it is very tempting and easy to say that shortfalls in revenue or even overruns in costs are attributed or a fault of the Government.

Mr Speaker, I want to make it clear that the effects of this particular pandemic, Covid-19 effects to the budget are a direct result of this particular pandemic.

As to the specific question on whether the projected revenue loss of K2.22 billion is a direct result of the pandemic, the short answer is yes. I think I gave a series of detailed explanations last week. I explained that our country is now placed in what we call a contained scenario and the other one was of course the uncontained scenario. The third scenario was the medium scenario where we found ourselves in at this point in time which is consistent with the IMF economic modelling and that is four months slowdown from February to May for this year.

03/07

Mr Speaker, we need to be aware as well that within the contained scenario, the third option which is labelled as severe, that's defined as 11 months of 'slow down' for the months February through to December. That particular scenario, as and when we approach it, I'll report back to Parliament to see whether there are any other effects to the budget when we come to it. At this point in time I'm not in a position to look into a mirror and tell us what those numbers are.

In relation to the Shadow Treasurer's second question on the effects of the Porgera Mine, the answer is, yes. The actual modelling took into account most of the effects on revenue for that particular project, as well as, the other projects that exist in our country.

In relation to the third and fourth questions on the undertakings, I'll ask the Shadow Treasurer to shoot it to me formally so that I can give a more detailed response.

IMF Covid – 19 Response Loan

Mr MANASEH MAKIBA – Thank you, Mr Speaker. My questions are related to the Treasurer's economic update given last Friday in relation to the K1.26 billion IMF loan.

If you will, Mr Speaker, perhaps, I can ask these as new questions.

Mr SPEAKER – Okay, the Chair will allow you to ask them as new questions.

Mr MANASSEH MAKIBA – Thank you, Mr Speaker. My questions to the Treasurer are:

(1) How long will it take before PNG receives the K1.26 billion IMF Loan that you mentioned?

(2) Will the IMF Loan be paid in different parts with each part requiring completion of some sort of conditions?

(3) We understand from your explanation that the loan attracts zero interest with no conditions. That, to some may seem too good to be true. And of course, I must commend the Treasurer for a good job in securing a loan with zero interest rate with no conditions attached to it. What negotiations were required to get to such a good deal for our country?

(4) How is the K1.26 billion IMF Loan different from the K3 billion UBS Loan obtained by the O'Neill Government? Can you explain to the public in that regard?

Thank you, Mr Speaker, those are my questions.

Mr IAN LING-STUCKEY – Thank you, Mr Speaker. I want to thank the Member for Komo-Magarima for his series of questions.

Mr Speaker, I think it is useful at this point to remind Members of the House of some of the experiences of IMF Loans in the past as our country was dealt with them.

04/07

This particular IMF loan enquired by the Member is in fact Papua New Guinea's fifth loan from the IMF. The first four were called Stand-By Arrangements and they were filled with conditions. If these were not carefully negotiated at the time to ensure that they were supporting government's economic reforms, they crept up a lot of harm. This was our experience with our last loan back in 2000. If I recall correctly; however, we also had better experiences back in 1990 and 1991.

In the past, the IMF Stand-By Arrangement loans were filled with conditions and they were spread over time. Upon fulfilling those conditions, the moneys were released. So, PNG Government had to agree to these set of conditions, and then some months later, it might have another part of the loan or another tranche as it is called finally released. Mr Speaker, those moneys were only released strictly after the conditions were met.

Mr Speaker, in relation to the Member's first question, consistent with my assurance during my statement last Friday, I am very pleased to announce that the funds have already been paid into the Bank of Papua New Guinea account in New York and late yesterday afternoon. It was remitted back to Papua New Guinea as advised by the Deputy Governor of Bank of Papua New Guinea,

So, Mr Speaker, we already have all the money; all US\$363 million added onto our foreign reserves, and available to support and relieve our foreign exchange shortages in our country. So we have this money; the equivalent of K1260 million which has been released into the public accounts to provide cash for our Covid-19 response and other priority development expenditure and Mr Speaker, not a single toea to be repaid for more than five years.

On the second question, the fact that we already have all the money in our accounts means that it will not be released in parts after conditions have been met. As I have said very clearly in Parliament last week and this week, there are not conditions or hurdles to jump over to get the next tranche of funding. We have received all of already with no conditions attached.

Mr Speaker, for those who continue to think that there might be conditions, are confused with the old forms of IMF financing with the conditions and tranches that they are accustomed to. This Mr Speaker, is a very different type of assistance; it is under the Rapid Credit Facility (RCF) and it is not a Stand-By Arrangement.

05/07

So, there are no policy conditions that has to be met to receive this loan.

So, Mr Speaker, to repeat on the Rapid Credit Facility and I quote from the IMF website in case some members having doubts whether there are conditions or not *“the RCF provides low excess rapid and concessional financial assistance to low income countries facing an urgent balance payment needed without exposed conditionalities”*.

So, we get the loan and there are no conditions ahead and of course, Mr Speaker, I need to be clear here today and explain. That there are the usually administrative agreements. We have to repay the loan and that’s a condition then so be it.

We also need to ensure that the Bank of Papua New Guinea doesn’t go broke after system of good auditing.

Mr Speaker, we need to spend the monies that we received in an accountable and transparent way. I think the government through our various ministerial portfolios have made it very clear that this has nothing to do with the policy conditions which were part of our country’s experience with earlier IFM loans.

So, Mr Speaker, in my statement to Parliament last week on Friday, I did set out what are called ‘prior actions’ and I don’t want members of Parliament to confuse these prior actions with conditions. And so, for benefit of those who still require clarification I want to repeat them here. That there’s nothing sinister in these prior actions that was required to secure this loan.

Mr Speaker, some members may claim that we have lost out our sovereignty by agreeing to this money. Well what did we agree too and once again can I reiterate, we agreed to do what we wanted to do under the Marape-Steven Government’s reform program?

(1) We would publish details of Covid-19 contracts on the PNG Procurement Commission website.

(2) To regularly review Covid-19 expenditures at budget management committee meetings. Those meetings are attended by three economic ministers and the Prime Minister as the chairman.

(3) The key strategic revenue actions from our own IRC annual plan.

(4) To improve our cash flow budgeting sheet and have Treasury and the Bank of Papua New Guinea share this information more intricately.

Mr Speaker, we are actually planning to do all good things so no loss of national sovereignty. Keeping honest to our economic reform plan as always, we obtained the K1.26 billion financing at zero per cent interest rate as published on the IMF website. So, Mr Speaker, no exposed conditions.

06/06

On the third point, the Member for Ialibu-Pangia seems and continues to be very confused. He implies that all low-income countries were eligible for these systems automatically. That is just another lie, he really is very confused.

I assure Members of this House that getting this money was very difficult. Why was it difficult? There are two reasons. Firstly, PNG's core economic records this government inherited under the Mr O'Neill years. Secondly, the deliberate betrayal by the former Prime Minister and Member for Ialibu-Pangia of the World Bank policy loans, which was filled with conditions where he promised to keep on a fiscal consolidation path in the 2018 Budget strategy paper. That is; he promised that the deficits would continue to reduce over the next five years.

Mr Speaker, as we know, that never happened. He went on a spending spree and the resource enforced in that year, four weeks later he completely over spent.

Mr Speaker, unfortunately, the international community remembers such broken promises and they will not trust you again when you have given a very big lie and then a broken promise.

Mr Speaker, when our government came to power, PNG's international reputation was crashed with international institutions that could provide our governments and governments worldwide with good cheap concessional loans.

Instead, the former Prime Minister went off on an international borrowing's spree, travelling high and mighty in first-class seats and getting funds from his merchant banking mates at the interest rates of 8.375 per cent. But, let's not get into the issue of the UBS loan funding.

Mr Speaker, what a contrast it has been in the last 12 months. Mr Speaker, we have been investing and rebuilding our country's international credibility and worked very hard at it.

Mr Speaker, it can be demoralizing and frustrating when Members in the Parliament continue to undermine that.

Mr Speaker, to complete the third question, on what negotiation were required to get such a good deal for PNG; we started this process of negotiation by engaging the IMF to be the independent umpire as I mentioned this week and last week in confirming the outcomes of our due diligence exercise. This particular exercise continued without discussion on our staff monitored program (SMP).

Mr Speaker, the SMP does have conditions attached and these have all been published and put out on press releases explaining all 31 key performance indicators and how they fitted with our own reformed agendas.

07/07

I know many members are asking why in the past, when we dealt with IMF, the language was conditions and now we call them KPIs. There is a distinct difference. When we talk about IMF conditions, you're talking about conditions which are placed by that particular multi-lateral institution. We with this government use the term KPIs or Key Performance Indicators because these 31 KPIs are a result of our own and based on our own policy measures and that is the big difference.

And if I can explain further, of the 31 KPI, these are broken up into eleven quantitative measures. These are further broken up into twenty structural indicators. And these are the two sections of the KPI which the former Treasurer and the former Prime Minister and the Member for Ialibu-Pangia was alluding to. So, when we talk about those eleven quantitative conditions which we set with our budget strategy and one of our examples is to ensure that we had four fiscal deficit consolidations with our fiscal plans. What that means is that over the next five years our deficit would continue to decline.

The second example of a structural condition is to establish an inter-agency office in treasury responsible for the identification, verification and clearance of arrears from our K1 billion and K50 million budget for this year. That gives us just a very quick explanation. To be eligible for the RCS; let me quote again from the website; "*Access to these financing is determined on a case by case basis*", so it is not automatic. The circumstance of every country has to be examined. And one of the key item is the strength of its macro-economic policy. and I want to correct the Member for Ialibu-Pangia and the problem PNG has is that the new Government has not been in place for very long. The Government has only been in office for just a year.

Mr Benny Allan – Point of Order! This is Question Time. It seems the Treasurer is making a statement.

Mr SPEAKER – Honourable Minister, the Chair acknowledges that you are making a statement. And if it is prepared, you may as well present it as a ministerial statement because a lot of Members would like to be given the opportunity to ask questions.

Mr IAN LING-STUCKEY – I will move to the fourth question; how is the IMF loan different from the UBS loan obtained by the former government?

08/07

I do not know the exact terms of the UBS Loan. I wasn't in Parliament in 2014 as I was not yet elected as Member of Parliament. And I cannot recall seeing anything in the media or anywhere, that provided the actual details of the loan and of course discussions of the loan as we now experience today where our government continuous to be very transparent.

So, I do not know the interest cost at that time and the members of this House do not know also because it was all kept very secret.

Mr Speaker, I will leave as it is and I'll take an opportunity at another time to talk more about the differences between the UBS Loan and the IMF Loan.

Thank you, Mr Speaker.

Mr CHARLIE BENJAMIN – Thank you, Mr Speaker.

(Members interjecting)

Mr SPEAKER – Honourable Members, I would like your understanding for allowing the Governor of Manus to ask questions despite we are from the same area. Since he has not been given the opportunity to speak through these weeks of the meeting, the Chair is being fair to the Governor to ask his questions.

Australian involvement in Lombrum Naval Base

Mr CHARLIE BENJAMIN – Thank you, Mr Speaker. Thank you for giving me the opportunity to raise my questions. My series of questions are directed to the Minister for Foreign Affairs & International Trade, Honourable Patrick Pruaitch, and I would appreciate it if the Prime Minister and the Defence Minister take note.

My questions are regarding Australians working at Lombrum.

(1) Can Australia make itself clearly known of its geopolitical and military interest on Manus Island?

Australia's Pacific Solution Strategy involves Manus and Nauru Islands of the Pacific, which resulted in the now famous Manus Refugee Detention Centre and has subjected Manus Province and Papua New Guinea to a global reputation heat.

(2) What stand has Foreign Affairs taken against Australia for treating, especially the Manus people and its Government with contempt?

Australia promised a huge shopping list of development packages (all-weather roads, hospitals, schools, highways, etc) and that remained undelivered to date. After the refugee's debacle, Manus people are being treated with contempt and with the so-called Lombrum MoU.

A Defence intervention arrangement where large construction facilities are being developed in Momote and Lombrum, under the pre-text of upgrading the PNG Defence Force Naval training college in Lombrum.

Local construction companies are being denied opportunities for participating in constructions simply because none of these local companies have Australian file tax numbers including having evidence of Australian Company Registration. Hence, they are missing out of securing head construction contracts offered by the government of Australia through the Australian Defence Force.

(3) Has Lombrum MoU enabled Australian Defence Force to covertly take over the PNG Defence Force Lombrum establishment as its own?

(4) If the Lombrum naval base is of Papua New Guinea, why can't PNG design, build and operate the base?

(5) Who will bear the maintenance cost of the Lombrum naval base. Can the Ministry of the Foreign Affairs assure businesses, that this construction arrangement is a structure intervention to deny economic benefits for local business men and women?

(6) If so, why?

09/07

(7) Can the Minister ensure there is no Paladin repeat and under no certain terms those implicated or involved in the paladin saga be used again in Lombrum?

(8) Can the full Lombrum MoU be made public to the people of Manus and the National Government and our people?

(9) Can the implementation arrangements that have been held secret between the two defence forces be made public and discussed to know the real motive of the Australian Defence Force on Manus.

(10) Mr Minister, Manus businesses have suffered under the regional refugee detention centre controversy and deeds were denied of opportunities. The Lombrum project by the two defence forces must not also deny Manus people of the same opportunities.

If Lombrum eventually becomes another Okinawa in the region than it is the right of Manus businesses, people and government to know, what is the true intention of Australian Defence Force for Manus and Papua New Guinea Sovereignty?

As Australia continues to play their patronising denial game against the business interest of Manus people, it must also not illicitly through the Lombrum MoU and its sacred implementation arrangement covertly cohort Manus and PNG becoming a base nation in global geo-political and military constellation.

Mr Speaker, the people of Manus would like to benefit out of this project, not only for this time now but for a lifetime. This time we will make sure that we will be recognised because when both governments made the arrangement in the past, the PNG Government in the first place did forget about the people of Manus in regards to this refugee detention deal.

Mr Speaker, we did settle the agreement for our PNG Defence Force to be resettled in Napanapa area, so if the Government is willing to do the same then I request for the Refugee Detention Centre to be relocated to Napanapa. Thank you.

Mr PATRICK PRUAITCH – Thank you, Mr Speaker. I take this opportunity to thank the Governor of Manus for his series of questions regarding the MoU signed between our Government and the Australian Government sometime back.

Mr Speaker, every country in the world, they use the MoU's, they use the nations, they use loans, as a mean to advancing their bi-lateral relationship. From the outset, let me state and make it clear that the sovereignty and interest of our independent state of Papua New Guinea remains paramount in the conduct of our relations with all countries including Australia.

Mr Speaker, unfortunately, the last government actually mishandled the MoU between the Australian Defence Force, and our Defence Force and I understand that this MoU was signed at the margin of the Papua New Guinean/Australian Bi-lateral Security Dialogue in Canberra, Australia.

This particular MoU concerns the joint initiative at Lombrum Naval Base and associate activities was signed by the then Defence Officials and the secretary for Defence of Australia.

Mr Speaker, the main objective is in two-folds,

(1) to facilitate the construction, the upgrade and maintenance of certain facilities and infrastructure at Lombrum Naval Base.

(2) Is to provide a broad frame work for cooperation at Lombrum Naval Base including the facilitation of access and use of Naval Base by the Australian Department of Defence and other Australian government agencies has mutually determine and consultations on matters on mutual interest regarding Lombrum Naval Base.

10/07

Mr Speaker naturally, the principals of corporations are also outlined in MoU which is subjected to national laws and international obligations of our partnerships.

Mr Speaker, the MoU was negotiated and signed without the involvement of the Department of Foreign Affairs and International Trade. In fact, on the eve of the signing of this MoU the Department of Foreign Affairs made it clear that it has never been consulted. Let me take this opportunity to highlight to our sectoral ministers in our country in that agreements involving Fisheries, Defence and Police have representation in our embassies. When Foreign Affairs is not involved, it means that the interest of our country is not represented. If you are engaging with Defence then fine but you must understand that Foreign Affairs represents the interest of the Independent State of Papua New Guinea. And that is why we have missions all around the world. Therefore, whenever you engage in any MOUs, the Department of Foreign Affairs Officials must be there through our heads of missions.

Mr Speaker, what is currently happening is because Foreign Affairs was not involved but I am not going to deviate from taking responsibility. Let me assure you Mr Speaker and Governor of Manus that in light of the problem and the many questions raised, I am making an undertaking on the Floor of Parliament to lead a review on that particular MoU.

I will invite the Minister for Defence with his department and the Manus Provincial Government to have round-table talks with the Department of Foreign Affairs to see how best we can rectify this problem so that the interest of the Manus people and the Manus Provincial Government including our country are best met.

Police Officers Engaged by Private Companies

Mr KEVIN ISIFU – On behalf of the people of Wewak, I thank you for recognising me this morning. I wish to direct my questions to the Minister for Police.

Mr Speaker, my question is related to an incident that happened around 7 June, 2020, in a project site in my electorate. I lost a citizen through the hands of police officers from Port Moresby who went there without my knowledge. It took place at the Turubu Oil Palm Project site. I would like to inform the Parliament that my people from that particular area of my electorate are very humble, down to earth and peace-loving people. They are very respectful, obedient and hardworking people out of my six LLGs.

11/07

(1) Can the Minister explain to this Parliament why Police officers were deployed to my electorate, was there a threat in Turubu?

(2) What arrangements does the Police Department have in place to deploy Police officers to logging sites and oil palm project areas to carry out their duties in Wewak or any part of the country?

Mr Speaker, we are all aware that in the country, we are short of Policemen. The ratio of a Police officer per citizen in the country is very high.

(3) Is there an arrangement in place for Police officers to provide security for foreign investors who do business in our country? And if so, are the foreigners important or the citizens of this country?

(4) Why were officers deployed to my area without seeking approval from my provincial government? Is there something wrong or is there a security concern in the project areas? If so, then the provincial and district governments should have been notified to assess if it is really necessary to bring Policemen from Port Moresby.

Mr Speaker, I want the Police Minister to explain to my people and to the country why such deployment occurs in project areas and I would like to also know if these operations are legal?

Thank you.

Mr BRYAN KRAMER – Thank you, Mr Speaker, and I would also like to the Member for Wewak. This incident that the Member is referring occurred on 7 June this year. I was informed through social media which I took a screen shot of that report and forwarded it to the Police Commissioner, Deputy Police Commissioner (DPC) and the Assistant Police Commissioner (APC), and sometimes the DCP and ACP are busy so I made sure I forwarded it to all three of them.

The response that I received from Deputy Police Commissioner, Mr Kua, was that there were some officers deployed to Oil Palm Plantation in Wewak but he wasn't aware of their deployment. The Commissioner has come out publicly following his appointment that he would cease all operations on logging sites and oil palm plantations. If they are being paid by the companies, then they become private security personnel instead of Police officers. I want to inform Parliament that we have 7,300 policemen and not all of them listen to our commands. So some policemen have been in the system for a long time and forged relationships with private companies where they receive additional pay. Through our investigation, we will find out who deployed them.

12/07

I understand the Commissioner is now conducting an investigation to determine who authorised the deployment of these officers.

So, under the Commissioner, there are Deputy Commissioners and Assistant Commissioners. It does not mean that in every instance, the Commissioner has to authorise every single decision or directive to 7 200 officers.

As far as he is aware, he confirmed the investigation is now being undertaken to establish who deployed them, under what arrangements, and who gave the authority. He has already made it clear that they are not supposed to be deployed for private security operations. Therefore, after the investigation, I am assuming because I don't want to pre-empt it, those involved will be held accountable.

On the report that I've received back from the Constabulary, there was a confrontation with some youths on the ground. The deceased and a number of youths were trying to unarm a police officer with the firearm. These facts have not been confirmed so I am not going to say that's exactly what happened. But that is the initial report and a formal investigation will commence to establish what the facts are. So this is an ongoing discussion on police brutality and as I've mentioned previously in answer to a question raised by the Member for North-East.

The Division that has responsibility for holding police accountable for their actions and disciplining them is Internal Affairs. And we are just uncovering now that Internal Affairs has the highest rental police building in the Constabulary. It is a recently built Chinese building and somehow, they are paying K3 million a year for that office, not to mention, the amount expended on hire cars in that office.

Now the Commissioner is trying to make some reforms in addressing police brutality and discipline and try to make some changes within the Police Force. Unfortunately, we have another office called the Ombudsman Commission who then issued a letter back to him and told him, you are instructed not to make any changes within the Police Force. So, there's resistance that we are finding and going through to try and sort these out administratively.

So, I appreciate the Member's concern. I will also raise it with the Commissioner as I don't have power and control over him to say that if there is any deployment, as a matter of protocol, if his office could at least issue a letter or contact or advice to the Minister, or myself. If he is unable to get in touch with governor and Members to say there is a deployment going down, can you please advise the Member or governor of this deployment.

But it is important to understand the Commissioner –

Mr Peter Numu – Point of Order! The Government must give directives. Command and control are with the Commissioner but the Commissioner reports to the government of the day. As a government, we must put our foot down and give them some directions.

Mr BRYAN KRAMER – This is an ongoing issue that is being discussed but under the *Constitution* the NEC has powers of control over the Police Force. So the discussion is now for my office to draft a number of submissions and submit them to the NEC to be able to have greater command and control through the directive of NEC. But this very issue is now in court.

In relation to police brutality and conduct, it is an ongoing issue. The Commissioner has just come in for six months. He is a new Commissioner. We are cleaning up the Police Force. I am hoping, I don't have to come and repeat myself in Parliament. These are the same questions.

Some governors and administrators only have 250 staff in their administration, the Police Commissioner has 7,200 and we are going through reforms. That reform will take time. We have a commitment from the government to fight corruption and we are now fighting corruption on the Police Force and that includes holding Police Officers to account.

So, my office will work closely with the Commissioner to ensure that this investigation is not left unattended to, that it is completed and those officers involved will be arrested or held accountable if they are in the wrong.

But it is also important to note, in this term, since the new Prime Minister and new government came in we have seen record arrests of police officers. Issues of police brutality and accountability is the number one issue now in the public domain, unlike in the past, we had the Governor for Manus asking about a supermarket that was burnt down. Police didn't follow up.

13/07

He raised that question and I noted it and brought it to the attention of the Commissioner. Officers were deployed and arrests were made immediately so I encourage Members of Parliament that if you have any such issues, I would appreciate if you could direct them to my office or raise them in Parliament.

Thank you.

**DEPARTMENT OF TREASURY – 2019 FINAL BUDGET OUTCOME AND
IMF SUPPORT – PAPER AND STATEMENT –
MOTION TO TAKE NOTE OF PAPER**

Mr IAN LING-STUCKEY (Kavieng – Minister for Treasury) – I present the following paper pursuant to statute:

*Fiscal Responsibility Act – Economic Update – 2019 Final
Budget Outcome and IMF Support*

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

Leave granted.

Mr Speaker, my Economic Statement last week contained some pretty tough messages on the economic challenges confronting PNG due to the Covid-19 pandemic. In this last week, the number of global cases has increased by one million people. In PNG there

remain only eight known cases. To our west, Papua has 171 cases. To our east, Solomon Islands has zero cases. But even in the Solomon Islands, with zero known cases, a recent business survey indicates that the pandemic has reduced cash flow for nearly 80 per cent of Solomon Island businesses, and 56 per cent said they may need to downsize next year due to Covid-19. The adverse health and economic impacts are all around us.

IMF – Support for Covid-19

Mr Speaker, today I want to talk on a more positive note. First, I want to update Members on outcomes of the recent discussions with the International Monetary Fund or IMF. Second, I will present the 2019 Final Budget Outcome or FBO.

Mr Speaker, I recall some of PNG's history with the IMF. I was there when we lost trust in the conditions imposed by the last IMF program, taken out on 29 March 2000 – more than 20 years ago. However, I also know from my discussions with former Prime Minister Sir Rabbie Namailu, as the leader of our country's beloved Pangu Party, of how a well-managed IMF program, backing PNG's interests, worked so much better 10 years earlier in an agreement reached on 25 April, 1990. So the bag is mixed – it depends on how the program is managed. And in my discussions with the IMF over the last nine months, I am also confident that the organisation is a very different, much friendlier, more responsive organisation, than 20 years ago.

14/07

Mr Speaker, I am pleased to confirm, early on Saturday morning PNG time, as I have mentioned today that they agreed to the request from our Prime Minister, our Governor of BPNG, and off course myself for support from the IMF to deal with the Covid-19 pandemic.

Mr Speaker, as I advised last Friday in this House, this is the largest, cheapest, best concessional loan that PNG has ever received!

So, the Member for Ialibu-Pangia will jump up and down, and complain about the big nasty IMF, complain about our negotiating team of international as well as local advisors, even though many of them are the same advisors his government used. But let us forgive him for they are just jealous of what the Marape-Steven government team has been able to achieve for Papua New Guinea.

As I mentioned last week, there were just four prior actions required to access funding. All of these made good sense, good things we were already planning to do. So, no loss of national sovereignty, keeping to our honest economic reform plan, and K1.26 billion

of financing, at zero per cent interest, the best budget deal ever done for our country, delivering on another major part of our Economic Stimulus Package.

Moving on to the 2019 final budget outcome report, Mr Speaker, on behalf of the Marape-Steven Government, I am pleased to present the 2019 Final Budget Outcome or (FBO) report.

Mr Speaker, 2019 was a very fascinating year in terms of PNG's budget accounts. The 2019 Budget started with unrealistic estimates of revenue and expenditure. A historic due diligence exercise was carried out in September, which identified major shortcomings in the original Budget and 2019 MYEFO estimates. Errors of at least K2,263 million were confirmed by the IMF and yet, the former government has the audacity to ask this government not to tamper with the numbers of this FBO report! A 2019 Supplementary Budget was introduced to begin a process of budget repair.

This 2019 FBO report provides an initial assessment of the process of budget repair and the start of a five-year strategy for climbing out of the deep economic hole, left by the years of mismanagement, under the Member for Ialibu-Pangia.

15/07

From what was received from Treasury. This is a long way, from the deliberate manipulation of numbers seen in the 2019 Budget with unrealistic estimates, cooking the 2018 FBO Outcome by deliberately shifting expenditure into 2019 and even, overstating the National Accounts GDP figure and understating the true debt figures to hide the true fiscal and debt situation facing this country. The Member for Ialibu-Pangia should hang his head in shame for demonstrating to the world and indeed, his own people, in masterminding the O'Neill Government's Fake Budgets of yester years and conned his own Cabinet Ministers and Members of his own party!

Mr Speaker, the stand-out feature of the 2019 FBO is that, expenditure increased from the 2019 Supplementary Budget estimate of K16, 525 million up to K17, 852 million; an increase of K1, 327 million or 8 per cent. Extraordinarily, none of this was direct Government of Papua New Guinea expenditure, which in fact recorded a very small drop of K1 million. Our domestic expenditure controls seemed to have worked very, very well. So, what explains the expenditure increase? There were two very large drivers of much higher levels of expenditure than expected.

The first, was that support from other countries, through donor grant programs was nearly double, the 2019 Budget and Supplementary Budget levels - an extra K832 million.

From K943 million in the 2019 Budgets, (original and Supplementary), to an estimated outcome of K1, 775 million. Mr Speaker, this is a massive variation.

There was an expectation that donor grant funding would decline as the security and other support for the 2018 APEC extravaganza passed. Instead, the donor support is being maintained, well above the levels seen prior to APEC.

This is a very positive comment on the international support - for the new Marape-Steven Government.

Mr Speaker, the second very large expenditure increase was in concessional loan financing. This was budgeted for, at K817 million, but the actual level of expenditure was K495 million higher at K1, 312 million. This is very, very positive news for the PNG economy.

Part of the Marape-Steven Government's economic reform program, was to move - to good projects, with cheap financing, such as these concessional loans. We never said no more loans! so the Member for Ialibu-Pangia, should stop his lying and stop - trying to make out like this is what we said! It's really very shameful behaviour, to go so low, with these deceitful and totally false accusations!

16/07

What we have said is that we need good loans spent on the right things at a cheap rate. Indeed, the 2020 Budget targeted an expected increase in concessional loan financing to K13 065 million in 2020 and increasing to K2 359 million by K2023.

Mr Speaker, in contrast in the 2019 Budget under the former government, it expected new concessional loan financing in 2023 to total only K718 million. What does this higher rate of concessional loan draw down in practice? It is additional stimulus to the economy when we most need it. More contracts, jobs and foreign exchange available. The major increase in funding was from the Asian Development Bank or ADB, which increased funding under its major contracts from K287 million expected in the 2019 Budget to an actual outcome of K592 million.

This is millions of kina in extra spending in PNG for the ADB's major projects such as the civil aviation investment program around our country, the Islands region roads improvement program and the sustainable Highlands Highway investment program. Indeed, the combined impact of the 2019 actual concessional loan disbursement and the planned ones in 2020, which now look very likely to be achieved is equivalent to about a K1 billion, capital

investment stimulus to our economy. It was about K500 billion in 2019 and a demonstrated capacity already to at least continue that higher level of funding this year.

Mr Speaker, this is important for our own businesses and all in PNG to understand that this extra K1 billion in concessional loan project spending across 2019 and 2020 is much larger than any stimulus that could have been expected from new resource projects, even if they were all signed back in early 2019. This is because agreements on fiscal terms simply start the process of further studies in Front-End Engineering Design or FEED and is generally less than 10 per cent of any new resource project.

From the PNG perspective this early spending also mainly occurs in overseas engineering design firms. There is little initial economic impact in PNG. Of course, the economic impact increases significantly after the final investment decision or FEED; which was never going to be before 2021 in any case. The current economic reality is that the fall in oil prices is pushing off these FEED decisions right around the world. Even in countries that agreed to fiscal terms, such as Australia and Indonesia.

17/07

Mr Speaker, of course we want additional resource projects on the right terms. But the 2019 FBO indicates that the Marape-Steven government is already stimulating the economy through its shift to good cheap financing. And it is doing a much greater stimulus, than the policies of the Member for Ialibu-Pangia could have ever delivered, over 2019 and 2020 with his singular resource focused lens.

This is good news for PNG's business sector. And there is more good news to come. There is an estimated K6 200 million, in approved and undrawn loans, for projects that have already gone through full approval and funding. There is no need to await a final investment decision, this has already been made. The Marape-Steven government will continue to provide the counterpart funding in the Public Investment Program, to help bring these projects forward as a vital part of its broader economic stimulus package, for good projects with cheap financing.

Mr Speaker, outside of these two good news on large increases in expenditure, the remainder of the 2019 Budget actually came out close to the 2019 Supplementary Budget estimates. There are inevitable ups and downs, in particular areas of expenditure and revenues, but the high level variations were small.

On Government of PNG domestic expenditure, the 2019 FBO indicates that the government kept expenditure well under control. The FBO indicates expenditure was K14 765.1 million, actually just below the Supplementary Budget estimate.

Within this total figure, there was some disappointing news. The Operational Budget was over-spent by K329 million, including a further over-run in compensation of employees' expenditure of another K110 million, on top of the extra K875 million already provided for in the Supplementary Budget.

Mr Speaker, more work is required in getting wage costs under control.

As happens all too often in PNG's history, the over-runs in the Operating Budget were matched by cuts in the domestic capital investment budget. Fortunately for Papua New Guinea on this occasion, this domestic budget decrease was significantly outweighed by the increased donor and concessional loan funding. The overall impact was that; capital investment spending was K997 million higher than expected in the Supplementary Budget. Compared to 2018, capital investment spending is estimated to have increased by K1 420 million.

This is the start of our turn-around in our budget strategy to focus more on capital investment to invest in our children's future. This is good news for PNG businesses that has not been very well acknowledged. This is good news for the people of PNG.

18/07

Mr Speaker, domestic revenues showed a slight fall relative to the 2019 Supplementary Budget. Tax revenues were up significantly by K470 million to K10 918 million, 4.5 per cent higher than estimated. However, non-tax revenues fell by K645 million. This fall in non-tax revenues are almost entirely explained by resource revenues being K537 million lower than estimated.

The overall domestic revenue shortfall, combined with the slight fall in domestic expenditure, meant that there was a small increase in the domestic deficit of K174 million. Even a slightly higher payment from Kumul Petroleum Limited, could have entirely, eliminated this increased domestic budget deficit its dividend payment fell K470 million short of 2019 Supplementary Budget estimates. More work is being done on the government's dividend policies in 2020.

Mr Speaker, in terms of budget bottom lines, the key measure used by economists was that the non-resource primary deficit increased by K86 million from K3 099 million to K3 185 million, a change of less than 3 per cent in the deficit and representing only 0.1 per

cent of non-resource GDP. In terms of cash balances, the 2019 budget deficit increased by K669 million from K3 503 million to K4 172 million. Three-quarters of this increase in the deficit flowed from the increased capital investment, from the higher levels of concessional loan drawdowns.

Mr Speaker, when going through the details of the 2019 FBO, there is confirmation that budget repair is going to take years. The starting point, or the O'Neill legacy point, prior to the 2019 Supplementary Budget, was a budget deficit heading towards K4 986 million in 2019 a deficit that would have fed into the same increase in PNG's debt levels. This looming deficit under old policies has been wound back by K814 million to K4 172 million. This figure includes an additional K495 million in good capital investment projects funded on concessional terms not expensive commercial borrowing. The Australian assistance of \$US300 million on very concessionary terms, is a further example of how the government is delivering on its promises of budget repair, including a shift towards good, cheap financing.

Mr Speaker, PNG's debt burden, is better measured by the annual costs of having to make debt payments and who is benefitting from those payments, rather than just the total size of the debt.

19/07

One of the extraordinary figures in the FBO, is that foreign interest payments more than doubled from K210 million in 2018 to K479 million in 2019. This is part of the legacy of the Member for Ialibu-Pangia, of relying on expensive overseas borrowings. Another part of that legacy, is that, there was an extraordinary K81 million in "External Borrowing related charges" in 2018. By not going back to a sovereign bond and commercial bank loans, these costs under the new Government have been reduced by nearly 90 per cent back to just K8.7 million in 2019. Clearly, the old strategy was benefitting somebody or some people.

A second element of budget repair relates to building the capacities within our nation's Public Service. PNG needs better budget reporting systems. Within the FBO report, there are inconsistencies. The expenditure figures in Part 2 do not exactly match those in Part 1 of the report. Information on how funds are spent by different sectors needs to be greatly improved. There is a need for better tracking of donor grants and concessionary loans, so that the "surprise" expenditure increases are known.

Mr Speaker, some may argue that I should have further delayed the release of this FBO until all the technical issues were resolved. On balance, for the sake of transparency, I have decided not to hold up the release of this document any further. We will continue

working on getting better and more timely, budget documents out to the people of Papua New Guinea.

The 2019 Final Budget Outcome continues with the honest and transparent approach of the Marape-Steven Government in the 2019 Supplementary Budget. It represents another step on the pathway forward, on how we can take back PNG.

Mr Speaker, I commend the 2019 Final Budget Outcome Report to the Honourable Members and to the people of Papua New Guinea. Thankyou.

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

That the Parliament take note of the paper.

Debate adjourned.

**MINISTER FOR BOUGAINVILLE AFFAIRS – FINAL REPORT OF THE
BOUGAINVILLE REFERENDUM COMMISSION – PAPER AND STATEMENT –
MOTION TO TAKE NOTE OF THE PAPER**

Sir PUKA TEMU (Abau-Minister for Bougainville Affairs) – I present the following paper pursuant to statute:

*Final Report of the Bougainville Referendum Commission on the conduct of
the Bougainville Referendum*

Mr Speaker, I ask leave of the Parliament to make a statement in connection with the Report.

Leave granted.

Today, I have the honour and privilege to table to the Honourable House the Final Report of the Bougainville Referendum Commission on the conduct of the Bougainville Referendum. As we are all aware, the Writ for a Referendum on Bougainville was issued by the Governor General of Papua New Guinea on 27 September, 2019.

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Mr Speaker, as I informed the Honourable House in my February Statement a total of 181,067 votes were casted in the Referendum, out of that 176 928 votes were cast in favour of Independence while, 3,043 votes were cast in favour of greater autonomy.

The result was conveyed to His Excellency, the Governor-General by the Return of Writ signed by the Members of the Bougainville Referendum Committee on 11 December, 2019.

As I presented to this House in February, no petitions against the result were lodged, and all independent observers concluded that the referendum was 'free and fair'; and in indeed, it was also highly inclusive and accessible.

Mr Speaker, the Bougainville Referendum has been another step in our development as an Independent State adhering to democratic principles, rebuilding the bonds between Papua New Guinea and Autonomous Region of Bougainville and where democratic accountable and transparent processes can take place without fear or intimidation.

The referendum demonstrated the honouring of our commitment given as a nation to the people of Bougainville, the Bougainville Peace Agreement signed nearly 20 years ago committed all parties to the three pillars that we are all aware off. They include the disposal of weapons of war, special autonomy arrangement and lastly a referendum of the future political status of Bougainville.

Mr Speaker, I want to congratulate the Chair who chaired the honourable commission, the Honourable Betty Ahern and commissioners for their personnel dedication to delivering an efficient and credible vote. This report is a fitting last chapter to their work, completed in accordance with the Charter. The Commission has now officially wound up as of 31 May 2020.

The BRC's Final Report provides an historical narrative of the referendum. It describes the laws, the processes and the challenges. It contains an independent audit of accounts, a list of distributed assets, and the Commission's own view of the process from enrolment, polling and right through to the counting.

Over the last two years, the Commission has stayed true to its Charter: professional, neutral, transparent, impartial and inclusive. Indeed, its management and oversight may provide our respective electoral commissions and governments with the opportunity to review and improve our own electoral processes.

While it is true that the referendum was a unique event and the BRC a unique body, the following three points underline the benefits of transparency, accountability and good governance:

1. The absence of petitions to the process;
2. The delivery of the referendum within budget (including an independent audit of accounts and the return of unspent funds to the tune of K2 million); and
3. No outstanding payments to service providers.

It is also true that the funding and resources provided to the Commission by the two governments and international community, were beyond normal elections - some K18.7m from the National Government, K2.3m from the ABG, and a further K7 million from the international community. However, the report does raise seven key points that I would like to bring to the attention of this House.

In the view of the Commission, these seven points were responsible not only for the peaceful conduct of the referendum, but also for its exceptionally high turnout of 87.4 per cent as opposed to 60 percent for the 2016 ABG Elections.

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The seven points are:

- (1) A comprehensive awareness program was conducted;
- (2) A most comprehensive enrolment program ever conducted in or for Bougainville;
- (3) More voting locations in Bougainville than ever before;
- (4) Expanded options to enrol and vote for non-resident Bougainvilleans living elsewhere in Papua New Guinea;
- (5) Overseas voting for eligible Bougainvilleans in Solomon Islands, in Australia and elsewhere through a system of postal voting;
- (6) Special domestic voting options such as provisional voting, postal voting and hospital voting; and
- (7) Use of mobile phone SMS services to support role accuracy during enrolment and to assist voters to identify their nearest location.

Mr Speaker, I agree with the Commission's assessment that in conducting the referendum the bar for electoral events in Bougainville and PNG has been raised. These are achievements from which we can all be proud. And they are achievements from which we can build on as a nation whilst noting the unmatched expectations that they may create for our respective electoral commissions.

Mr Speaker, I note the Report's observation that, and I quote; 'a referendum on an issue of the magnitude of a people's political status is not an ordinary electoral event. It is quite literally an extraordinary

event. And for the people of Bougainville it marked a pivotal moment in their journey from conflict to lasting peace’.

I would further add that the referendum marked a pivotal moment in the journey of our nation.

Whilst the result was a firm declaration of the will of Bougainvilleans, the referendum, as part of the peace process, together with the many reconciliations and public events held beforehand had brought Papua New Guinea and Bougainville, perhaps closer together and helped bring trust between Melanesian brothers and sisters.

The peaceful and celebratory mood of the vote as covered in this Report is in turn a cause for great celebrations as witnessed by the global community. The Referendum fulfils the promise of the Bougainville Peace Agreement signed by the Bougainville leaders and the government of Papua New Guinea almost 20 years ago. It demonstrates our continued commitment to resolving the outstanding political question of Bougainville by peaceful means.

This is not an easy process. The referendum is a first for our nation. The process is yet to be completed in accordance with the Peace Agreement and as stated on every ballot paper, the government must now undertake consultations with ABG for consultations as soon as the Government of Bougainville takes office.

The outcome of those negotiations will then be brought before this Parliament for ratification or final decision making.

The referendum and indeed, the Bougainville Peace Agreement has shown the world the value of the Melanesian Way of consultation, compromise and commitment.

Mr Speaker, I note the Report’s acknowledgement of the personal work of both parliaments and our respective political leaders in preparing our people in Bougainville and across the nation for the referendum.

While the BRC was an independent body, in its own words, the referendum outcome was indeed a collective effort.

Through you, Mr Deputy Speaker, the BRC Chair, the Honourable Bertie Ahern, particularly thanked our Prime Minister and the President of Bougainville for the great integrity and faith in which they have both engaged in the referendum process, for their time and respect for the independence of the Commission.

The success of the model of an independent commission staffed by both governments and supported by the international community suggests what a bi-partisan international

process might also achieve for the post- referendum period. This is something that Papua New Guinea and Bougainville are now exploring together.

22/07

This is something that Papua New Guinea and Bougainville are now exploring together.

Mr Deputy Speaker, as the report notes, we must acknowledge and thank the international community for their support - in particular the governments and citizens of Australia, Germany, Ireland, Japan, New Zealand, the United Kingdom and the United States of America. We also thank Vanuatu, Fiji and Solomon Islands for their contribution of police members to the small regional mission that contributed to the referendum.

And we thank the long-term commitment of the United Nations, in particular the Department of Political and Peacebuilding Affairs, for their ongoing support which is today helping us to establish the framework for post-referendum negotiations.

Mr Deputy Speaker, with the support of UNDP, the BRC has also produced a pictorial account of the referendum. Unfortunately, I have not distributed the pictorial account but I promise to do that when it is printed. *In Pictures – the story of the Bougainville referendum*. It is a fitting public document that captures the spirit and history of the referendum. Five thousand copies have been produced by the Commission and will be provided to this house and the Bougainville House of Representatives, together with public institutions, schools and universities. A framed commemorative poster has also been gifted by the Commission to the two governments, and our respective National and Bougainville archives.

Finally, Mr Deputy Speaker, I pay special tribute to the Chair of the Commission, former Prime Minister of Ireland, the Hon. Bertie Ahern. He has been a great advocate for peace and good process. His great experience and personal, authentic style have elevated the referendum from a mere electoral event to a valuable contribution to the much larger peace process. It has become a glowing lesson for the international audiences around globe.

As we say farewell to the Commission, I'm sure this House will join with me in celebrating its work: that of 2,500 temporary workers, a Secretariat and its commissioners Mr, Ahern, PNG Electoral Commissioner Patilius Gamato, Bougainville Electoral Commissioner George Manu, Mr. Robert Igara, Mrs. Ruby Mirinka, Mr. Patrick Nisira and Dr Thomas Webster.

I leave you with one final excerpt from the report:

"The (BRC) Board also honours the many women and men who laid the foundation for a successful referendum. Without the passion and commitment of these people, many whose names do not appear in this report, a referendum would not have been possible. For some, that passion and commitment was in honour of those lost to the conflict; for others, it was in acknowledgement of the power of unity to forge a peaceful future. While our reports may not name you, we salute you and hope that our work has paid tribute to your efforts in the past, and those who are now responsible for taking the result forward into the future."

Mr Deputy Speaker, please accept the Final Report of the BRC, a valuable public record of the historic Bougainville referendum. It has been a very good process, and the process goes on as we continue to write the history of our nation together.

Mr Deputy Speaker, I wish to extend my presentation by informing Parliament about some of the activities that have been done since the conclusion of the Referendum late last year. We have continued our engagement with Bougainville leaders being mindful of issues of national importance that hinge on the Referendum outcome.

In preparation for the consultation process, both the National Government and the ABG started the process of establishing the Consultancy groups while the Technical working group will establish process of Consultation. On the PNG side, the NEC has approved the composition of two groups that would engage with the Bougainville side; the National Advisory Body, which would represent the rest of PNG and one that would support the actual consultation body, the National Consultative Team. The composition of both groups are being dealt with at the moment.

Otherwise, the consultation process has been restricted by two events to date; the Bougainville five-year election that was due to take place in June has now been postponed by the second event; the Covid-19. Hence, much distraction in progressing relevant activities has taken place.

23/07

Otherwise, the consultation process has been restricted by two events to date; first the Bougainville election which is now to be conducted next Wednesday, 17 of June when the writs will be issued and writs return in September this year.

Secondly, the Covid-19, hence, there has been much distraction in progressing relevant activities to date.

Just before the Covid-19 lockdown which started in March, a JSB meeting took place in Port Moresby. Several important resolutions were adopted. Implementation of some of them however, have been restricted given the circumstances. Work at the technical level

otherwise has been progressing well; thanks to modern technology. The availability of teleconference facilities has enabled staff from both sides to have meetings and engaged in discussions while being stationed in Port Moresby and Buka. At the same time, several post referendum joint ministerial consultations have taken place too between myself and my counterpart, Honorable Albert Punau.

It was noted in the March JSB that all the requirements of the Bougainville Weapons Disposal Secretariat have been fully complied with and that the Weapons Disposal Pillar in the Bougainville Peace Agreement has been successfully complied with.

In the last JSB resolution to transfer of BCL shares the National Government has agreed to transfer the remaining 36.4 per cent of its shares to Bougainville Copper Limited to Bougainville Minerals Limited who will manage on behalf of the ABG and Panguna as announced by our Prime Minister soon after the JSB.

On the autonomous arrangements, it was resolved for the transfer of all remaining powers and functions as provided in the Bougainville Peace Agreement to the ABG to manage its own affairs and I am now calling upon all my colleague national ministers and departmental heads to consult to effect the transfers with priority given to Police powers and functions and other law enforcing agencies.

The initial K100 million funding under the new 10-year Bougainville Development Program (2020 – 2030) was allocated this year. Thanks to the Treasurer on his hard work and we are aware of the situation at the moment.

Meanwhile, work is in progress and key government departments have been tasked to put together the governance and management guidelines and other relevant policy documents in the process of finalising its endorsement.

Mr Speaker, finally, preparations for the Economic and Investment Summit commenced while work resumed early this year. This economic and investment summit was a response when I first visited Bougainville on my appointment as Minister for Bougainville Affairs and this was the first request made to me by the people of Bougainville and my commitment was to make sure that this economic and investment summit will be held.

We are very fortunate to receive great assistance from the UNDP. The Summit is something that Bougainvilleans have been looking forward to, and it is likely to take place at the first quarter of 2021 given that the next government of ABG will most likely be in place after September when the election is concluded.

Mr Speaker, I thank you for the attention of the House and I now commend the report to this Honorable House.

Thank you.

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

That Parliament take note of the paper.

Debate adjourned.

MOTION BY LEAVE

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

Leave granted.

SUSPENSION OF STANDING ORDERS – REARRANGEMENT OF BUSINESS

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

That so much of the *Standing Orders* be suspended as would prevent: (a) Postponement of presentation of paper by the Minister for Community Development; and (b) the Minister for Health delivering his Statement forthwith.

MINISTRY OF HEALTH – EXPENDITURE OF GOVERNMENT FUNDING TO IMPLEMENTING COVID-19 EMERGENCY RESPONSE PLAN BY THE DEPARTMENT OF HEALTH – MINISTERIAL STATEMENT – MOTION BY TAKE NOTE OF PAPER

Mr JELTA WONG (Gazelle – Minister for Health and HIV/AIDS) – Mr Speaker, Honorable Prime Minister, fellow colleague Ministers, Honorable Governors, fellow Members of Parliament and citizens in this important June Sitting of Parliament.

24/07

The Prime Minister has made it very clear that we must be transparent and accountable in how we spend public money in preparing for Covid-19.

Today, Mr Speaker and Honourable Members, I wish to take this opportunity to inform the Parliament on how my ministry has spent the K45.3 million allocated to support Covid-19 response and preparedness planning.

Mr Speaker, the funding allocated is to support the Emergency Preparedness and Response Plan (ERP). The ERP is a two - year plan that captures nine key Health cluster areas covering:

- (1) Clinical management and health care;
- (2) Operations procurement and logistics;
- (3) Laboratory;
- (4) Risk communication and community engagement;
- (5) Surveillance and rapid response;
- (6) Infection prevention control;
- (7) Point of entry;
- (8) Non-pharmaceutical public health management; and
- (9). Planning, coordination and management.

The PGK 45.3 million allocation is to address the immediate needs of the response over the first six months such as community awareness, increased surveillance, establishing testing facilities and quarantine centers, and establishing border protection measures in all major international point of entries.

Mr Speaker, I am pleased to advise that the majority of this funding has been allocated to provinces to support their preparedness and response planning. This is where the money is needed most.

Mr Speaker, some of the examples of how funds have been spent to date include:

- (a) K200, 000 transferred to each PHA to a total of K4.4 million;
- (b) K21.5 million committed against the construction of three quarantine facilities at 11-Mile in Lae, Dogura in Port Moresby and a Covid-19 Hospital in Morobe;
- (c) K10 million for the procurement and distribution of Personal Protection Equipment to every province;
- (d) K500, 000 for hotel quarantine service;
- (e) K650, 000 for waste management; and

(f) other services such as staffing costs to undertake surveillance activities and so on.

Mr Speaker, my department has also covered K2 million from this allocation to NOC operational expenses. The NOC is currently unfunded and requires additional funds in order for it to operate. Funds are needed to cover the costs of the call center; stationary; IT; safety and sanitation and so on. It is central to the coordination of the Government's Covid-19 response and does not have the funds to adequately perform its functions.

Mr Speaker, whilst I am here to report on the expenditure of the Government of PNG funds, I would like to take the opportunity to thank donors who have also provided much needed funds and donations.

Mr Speaker, without Donor contributions we would be much further behind than we currently are in our response and preparedness. We have had donations in PPE and medical equipment from the People's Republic of China, the Japanese Government, the Australian Government, UNICEF, and the business community.

We have also had cash donations of K29.7 million through the HSIP Trust Account to support provinces from the World Health Organization; the Australian Government; and the New Zealand Government.

The total amount combined with the Government of PNG and donor funds into the HSIP Trust Account to date is K78.3 million. This includes K3.3 million of HIV/ AIDS funds that was reprogrammed to support our Covid-19 response.

Mr Speaker, accountability and transparency of public money expenditure is key and something we all have at the centre of our response. I would like to note that when we began to respond and prepare to Covid-19, the majority of procurement has occurred in an emergency environment.

25/07

This meant that speed was a necessity in order to prepare the country for an outbreak. Moving forward, we are building capacity and ensuring that proper procurement practices are in place.

We were also preparing ourselves in an environment where there has been a severe global shortage of many consumables required. This is because Covid-19 is global and all countries require the same items. These include for example, PPE and GenXpert cartridges required to test people. We have persevered and with support from the global community are better prepared than we were.

Mr. Speaker, PHA's are responsible for acquitting all funds directly transferred to them whether through the HSIP Trust Account or other accounts. Provinces are receiving

funds directly as this is where the money is needed most and need to be transparent and accountable for these funds. The aim here is to build the longer-term capacity of provinces, both in operational support and training.

Mr Speaker I am pleased to inform you that my department is continuing to monitor and support provinces to acquit funding being provided to them through their HSIP Provincial Trust Accounts. This includes providing much needed day to day support to provinces to support them to be compliant with Public Financial Management.

Mr Speaker, finally, I would like to note that the HSIP Trust Account team in my department is currently providing the necessary information and documentation to the newly established Covid-19 audit team. The audit team has been established to ensure spending of Government Covid-19 fund is accountable and transparent.

Mr Speaker, our response to Covid-19 is a whole of government one and together we are ensuring that we continue to respond, meet the needs of our communities and do this in a way that considers value for money, is transparent and accountable.

Mr Speaker, I ask leave of the Parliament to lay on the table documents relating to expenditure of Government funding to implement Covid-19 emergency response plan.

Leave granted.

The following documents were tabled:

- 1. Ministerial Statement on NDOH Expenditure of Government Funding to Implement Covid-19 Emergency Response Plans (ERP); and*
- 2. GOPNG Covid-19 Expenditure by Province.*

ADJOURNMENT

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

That the Parliament do now adjourn

The Parliament adjourned at 1.10 p.m.