

FIFTH DAY

Wednesday 2 September 2020

DRAFT HANSARD

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PARLIAMENTARY DEBATES CORRECTIONS TO DAILY DRAFT HANSARD

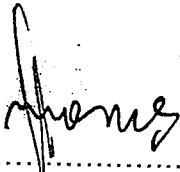
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Mr Harry Momos

Acting Principal Parliamentary Reporter

FIFTH DAY

Wednesday 2 September 2020

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

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

Sitting suspended.

The Speaker again took the Chair at 11.15 a.m., and invited the Member for Chuave, **Honourable Wera Mori**, to say Prayers:

'Papa God, we thank you once again. We come before your throne of grace. We humble ourselves and seek your forgiveness. Papa God, we thank you, for the many blessings that you have given us. We are so fortunate that under the circumstances bearing Covid-19, you have been up in the forefront and you have stood up for us. Papa God, we thank you, that as mandated leaders of your people, Lord we subscribe ourselves to you this morning. That you will lead us and help us to deliberate and make decisions so that, we can be able to represent your people in the way you want us to and provide the governance that you want. Lord, this morning I pray for the Prime Minister and his Deputy and also the Leader of the Opposition and all members of Parliament. O God, we call upon your wisdom. Lord, we thank you, that you have given us this opportunity to do so. We come before you now Lord to say the prayer that our Lord Jesus taught us. Amen.'

ACKNOWLEDGEMENT OF UPNG STUDENTS – STATEMENT BY THE SPEAKER

Mr SPEAKER – Honourable Members, I wish to inform the Parliament that the students of the University of Papua New Guinea (UPNG), Public Policy Management Association are present in the Public Gallery this morning.

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

**STATUS OF MR BELDEN NAMAH –
STATEMENT BY THE SPEAKER**

Mr SPEAKER – Honourable Members, on the 29 May 2020, the Supreme Court made a decision in SCCOSNo.1 of 2020 an application pursuant to *section 18(1)* of the *Constitution* by the Honourable Belden Norman Namah, MP, in his capacity as the Leader of the Opposition.

The court ordered that the Honourable Belden Namah, Member for Vanimo-Green has been with effect from 18 October 2017, suspended from duty under the *Section 281* of the *Organic Law on the Duties and Responsibilities of Leadership* and has been so suspended for a continuous period from that date.

This suspension will continue until the final determination is made on the Leadership Code Proceedings regarding him or until an order of such competent court say so otherwise, sets aside or dissolves such suspension.

Honourable Members, on 16 July 2020, the National Court made a decision OSJRNo.299 of 2018, Honourable Belden Norman Namah versus Leadership Tribunal and others that uplifted the suspension of Honourable Belden Namah, Member for Vanimo-Green.

The Chair is satisfied that Honourable Belden Namah, MP, is no longer a suspended Member of Parliament under the *Organic Law on Duties and Responsibilities of Leadership* and therefore, he can officially perform his duties as Member of Parliament.

The Chair officially welcomes the Member for Vanimo-Green to the House to perform his official duties.

Honourable Members, on the 1 September 2020, the Chair received a letter from the Opposition Caucus reaffirming the appointment of Honourable Belden Norman Namah, MP as the Leader of the Opposition.

02/05

The Chair acknowledges that the decision has been made in relation to the position of the Leader of the Opposition and now shall recognise Honourable Belden Norman Namah, MP, as the Leader of the Opposition effective today 2 September, 2020.

Honourable Members, the Chair is mindful that the matter remains sub-judice due to the continuing court proceedings and so, will not entertain any statements, questions, or Point of Orders regarding this matter until the issue is dealt with by the court.

Thank you.

QUESTIONS

State of the Economy

Mr RICHARD MARU – Thank you, Mr Speaker. I would like to direct my questions to the Prime Minister on the state of economy and the issues surrounding the economy.

Mr Speaker, as this Nation knows when the Prime Minister took office, his Government announced two major policy pillars:

(1) Take back PNG

(2) To make Papua New Guinea the richest black Christian nation on earth.

Mr Speaker, after those announcements, the first decision the government took was to renegotiate the Papua LNG project agreement. This resulted in losing a US\$ 2 billion investment and jobs in the FEED phase of the project.

That was the first result of “Take Back PNG”.

Mr Kerenga Kua – Point of Order! We are in the Parliament and we must speak the truth. Whatever he is talking about-the loss of jobs and money hasn’t happened yet?

Mr Speaker, in fact the renegotiation lead to five additional benefits being procured for the people of Papua New Guinea. It was a success.

Thank you, Mr Speaker.

Mr RICHARD MARU – Mr Speaker, after that decision, the Government then closed down the Porgera Mine and the court case continues. We are going to further lose a one billion in revenue this year and if it goes into next year, 3,500 jobs will be lost and 1,500 local contractors will lose their businesses.

Our landowners and people in Enga Province are losing businesses, electricity, and suffering in many ways as the result of that decision.

Mr Rainbo Paita – Point of Order! I heard the honourable Member saying that the Government closed down Porgera. Can he retract that statement? The Government didn’t close down Porgera.

Mr Speaker, it was an action within the legislation to ‘not renew’ the SML. The Government didn’t ‘close down’ Porgera.

Thank you, Mr Speaker.

Mr RICHARD MARU – Mr Speaker, in addition to those actions. I have received official figures from Customs that under the current Government, we have imported K120 million worth of chicken in the last 12 months.

Live chicken imported from Australia, China, Malaysia and countries which are well-known for diseases like the Newcastle disease.

NAQIA has been allowing importers to import chicken when we have a K1.2 billion chicken industry that is able to supply the country with chicken and egg needs. In the process we are exposing the whole chicken industry to the manner of diseases.

03/05

Mr SPEAKER – Honourable Member, what is your question to the Prime Minister? You are making statement here on the Floor of Parliament. Can you go ahead with your question?

Mr Kerenga Kua – You are lying!

Mr RICHARD MARU – Mr Speaker, I have a number of questions but I need to give a background before I ask my questions. You don't have any facts and idea my friend. You are a liar.

(Mr Kerenga Kua interjecting).

Mr RICHARD MARU – Thank you, Mr Speaker. My questions to the Prime Minister are as follows:

(1) Does the Prime Minister accept that the economic decisions of his government on top of Covid-19 is expected to reduce our revenue by K2.7 billion this year?

(2) Is the government going to continue importing chicken instead of supporting our local chicken industry in Papua New Guinea and expose the industry to all manner of diseases?

(3) Will the government focus on building the dairy industry in Papua New Guinea so that it can replace the entire import of dairy? The Government's decision to build the Ilimo farm has reduced dairy imports by one-third. We don't need to be importing dairy.

I thank the Southern Highlands Provincial Government and our former government and the private sector for building a chips factory in Pangia which is now in operation. However,

the biggest problem with the factory is, we don't have enough potatoes because the government hasn't invested in building the seed industry in Papua New Guinea.

(4) Can the Prime Minister assure this Parliament that the Government will look at building the seed industry so we can have seed to supply to our farmers in the Highlands to produce enough potato chips in the country to replace the 200 million import industries?

Your actions over the last 12 months have shown clearly that you are destroying the economy of our country big time. Now, is your focus on borrowing or is your focus on growing the industry? This is because, we heard that you are going to borrow over K5 billion this year. The PNC-led Government borrowed an average of K2.5 billion a year.

(5) Are you going to borrow more than K5 billion? Can you deny or confirm that?

Thank you, Mr Speaker.

Mr JAMES MARAPE — Thank you, Mr Speaker. I'd like to thank the Member for Yangoru-Saussia for asking these series of very important questions. These are the questions he is entitled to ask to ensure that the Parliament and the country can be aware of what is happening in the country.

So, there is no issue about that. He has all the rights to ask all those questions as a member of the Opposition and also as a senior member of the Parliament and Member for Yangoru-Saussia.

First of all, I want to make it clear, our thoughts of making this country the 'richest black Christian nation' on earth is not a policy, it is a statement of intent. It is a plan in which this country would be guided through. It is a vision of the country.

It clearly states in the Bible that 'a nation without vision will perish'. Therefore, we must have visions and thoughts.

04/05

I didn't make up these words but it was written down by our founding fathers in 1975. In which, they spoke these words to direct and guide our country in the right pathway. We then participated in it to harvest our resources and regain big portion of our resources back, instead of giving away to our friends who just came yesterday. This is the reason why we want to 'take back PNG' from wrong hands, hands of greed and selfishness. These sort of ideas have caused our country to drift away for the last 7 to 11 years into the path of danger. We now must come back to the right pathway so that our country can become a rich country. This country doesn't belong to white, brown or green coloured people. We are the sole owners of this country. We

live in it and we want our country to be rich. In actual fact, it is not a policy but statement of intent of how we want our country to be like in the future.

The Member mentioned the Papua LNG and Porgera Mine, stating that this Government's decision has caused our economy to decline. First, let me give some statistics to assist us all on this debate. And later on, I will deliver a statement on the status of some of these major projects which we have right now.

He mentioned that Porgera normally projects K2 billion in revenue in a year to us. Let me clearly state Porgera's contribution to our economy in the last 10 years, and it's from Internal Revenue Commission (IRC) so the country must know clearly whether we are losing billions of kina.

In 2005, the total tax collection gathered was at K117, 512 917.42; in 2006 - K88.9 million; in 2007 - K150 million; in 2008 - K168 million; in 2009 - K160 million; in 2010 - K189 million; in 2011 - K374 million; in 2012 - K101 million; in 2013 - K44 million; in 2014 - K100 million; in 2015 - K103 million; in 2016 - K152 million; in 2017 - K170 million; in 2018 - K168 million; in 2019, adding with the K200 million advance given equals to K334 million but if the advance wasn't granted then we would only be at K134 million.

Mr Richard Maru – Point of Order! When the Prime Minister talks about Porgera's tax he shouldn't mention the tax income alone, he must talk about the tax income for all the contractors of Porgera because they all directly relate to Porgera Mine. He must talk about the GST as a result of Porgera Mine, the recent price increase of global world price which will increase the tax and all forms of revenue for Porgera Mine.

Thankyou Mr Speaker.

Mr JAMES MARAPE – Thank you, I am aware of all these issues, whilst I may not be an accountant I am absolutely clear on numbers. Now, he is making reference to K2 billion we might have missed out on. These numbers come nothing close to billions in the present lease arrangement that lapsed. And when there is every opportunity for us to gain from our own resources it really baffles me that senior national leaders degrade their national morality and consensus to be an advocate and lobby for the status quo to be maintained.

What sort of shame and mindsets do we national leaders have? The court has validated that Government has not one bit in the entire process in as far as Porgera is concern.

05/05

It is at the back of a Court reference. A very intelligent Member of Parliament who reads numbers very well can stand up and be an advocate for the statuesque to be maintained. There is a reason why I am saying take back PNG from this sort of mindset. A mindset that is pre-tuned to its foreign capitalist agendas in our country.

Mr Speaker, Pogera presents us an opportunity, at K600, 000 ounces of gold per year, for the next twenty years. In the present prices, Pogera gold prices have gone past \$2,000 an ounce. That is \$1.2 billion an ounce. For record sake; the reason I resigned from the PNC led government is due to the mindset to maintain the statuesque and not leaping into the unknown future. So, if the Member for Yangoru-Saussia wants to remain in that mindset, I am very happy; that is not the mindset I belong to when I want to empower our people. And this includes, the landowners and the people of Pogera.

They have been getting scraps off from the table and I make no apology for this line of thinking. We understand very well the economics of projects. Our multi-nationals are here and they will make their first share of the returns based on the clearly understood rate of return on the investment. That is the reason why we had a look at what happened in Papua, it was not to chase them away. Anyone of you concerned has to pick up a phone and ring *TOTAL* and they will tell you that as far as their own global investment was concerned; 2020 was not a year for this line of investment in our country. They deferred the time we have given them.

We have given them and our country a fair go, and I also make no apology for having a small review into what has taken place. Total knows what we did and the government has sanctioned an agreement with and as the Minister Kerenga Kua has said, and I applaud his leadership, where we have gained five more gains as we look into the review.

Mr Speaker, let me inform the country that our actions whilst, it may cause some stress in the economy; this did not chase away Total, or Barrick from the country. In the case of Barrick, it was an expiry of lease. If you own a house and you lease it to another person; once the lease is up, you will inform the tenant to vacate, and you move into your house until someone new comes along. That is exactly what we did.

Yes, maybe the economic stress is having an effect on the members of our business community in our country need excitement and while compounded with the current Covid-19 pandemic, there is no level of excitement in the economy, but we have not rested. The Mining and Petroleum Ministers continue to be at work. All our Ministers are at work and we have been doing something within the context of accessing legislative regimes. We are trying our best to collect what we can get.

Our government does not believe in our unnecessary confessions like the past governments. We are making the most of the existing regimes as well as, slowly migrating and shifting to a better regime that we feel can entrench a statuesque where we are getting a fair and equitable share from a resource that God has already blessed us with.

Mr Speaker, yes, our actions may have caused some concerns in our extractive industry partners in the country but we have not stopped Papua LNG from entering into a fixed stage. Our Government does not stop them; it is the investors' own decision and we are working with them to bring them on board again. And it is part of the global investment strategies and a plan as Total as lead partner in Papua as well as other co-partners in

06/05

The play that is going on with Total as lead partner in Papua LNG and the other co-partners in Papua has caused the investment to be pushed back by one or two years, which is still within the focus of our investment partners to get Papua off the ground. There is an associated debate with what is happening in P'nyang, and my statement later today will indicate what is happening in P'nyang, Total Papua, Porgera and the other major projects that we are talking about.

Now, talking about these projects, the former Government that I was part of had eight or nine years to bring projects across the board and at the sunset of the last Government, Papua LNG was pushed through the backdoor. That is one of the reasons why we resigned.

So, when I am asked about Porgera and what is happening to it, they made their application to renew their lease on 29 July, 2017. The Government had every opportunity to progress the SML. Thank God that you waited for a government that will fight for this country to ascend first. I do not know for what reason you delayed the entire process, only God knows. We were all flying in and out of China all the time.

Mr Speaker, our Government's policy intent in the last 15 months we have been in office is to maximise gain for us within the context of long-term focus for our nation and not just short term. I have every reason such as Covid-19 and the contraction of economy to compromise long term focus on Porgera and resuscitate it quickly, but we were patient.

Our country will not die so we are focused on getting back most of all these resources so we have to give back the money and not to go and borrow elsewhere like we have been doing for the last seven years.

Mr Speaker, a compounded effect of K37 billion, over the last seven years, in actual cash borrowing –

Mr Peter O'Neill – Point of Order! I want to remind the Prime Minister that he should not be misleading Parliament.

The facts remain; if you look into the Central Bank's report which summarises outstanding, you will note that the total borrowed at the end of June, 2019, was K27 billion for the last 45 years. So, where did they come up with such figures? This is the official report.

(Mr Ian Ling-Stuckey interjecting!)

Mr Peter O'Neill – Who are you, Mr Treasurer, to just pull figures from the air? You are just like your Prime Minister misleading the Parliament. State the facts! This is an official report from the Bank of Papua New Guinea. Just don't be an idiot!

Mr SPEAKER – Order!

Mr JAMES MARAPE – Can you ask the former Prime Minister not to demean himself and office? He called someone corrupt the other day and now he is calling someone else an idiot.

Can the Chair ask him to withdraw his statement?

(Laughter in the Chamber)

Mr Ian Ling Stuckey – Can you ask the Member for Ialibu-Pangia to withdraw his statement because, “longlong bilong em i winim longlong bilong mi!” (He is crazier than I am)

Thank you, Mr Speaker.

(Laughter in the Chamber)

Mr SPEAKER – I will ask you both to withdraw your statements.

Firstly, the honourable Member for Ialibu-Pangia to withdraw the word, “Idiot”.

Mr Peter O'Neill – I will withdraw it but he must speak of official documents and facts and not mislead the public.

I will withdraw the word I used to describe him.

Mr SPEAKER – Thank you. Honourable Minister, you will have to withdraw the term “longlong” (crazy).

(Laughter in the Chamber)

07/05

Mr Ian Ling-Stuckey – Mr Speaker, I will withdraw my words but I would like to explain in detail what the Member for Ialibu-Pangia has mentioned. When he mentioned the official report of the Bank of Papua New Guinea.

Mr SPEAKER – Honourable Minister, the Chair has asked you to withdraw that statement and allow the Prime Minister to complete his response.

Mr Ian Ling-Stuckey – With the greatest of reluctance, I withdraw my statement.

Mr JAMES MARAPE – I am sorry for dragging on. In regard to the point of order from the Member for Ialibu-Pangia where he mentioned the 2017 official records, many accountants have held jobs like former ministers and former prime ministers and we are well versed with creative accounting. If we cover up our accounting under so many books, for example; an increase in our UBS Loans that have gone to about K4 billion, our SOE debts like the Motukea Port that has gone up and shouldered by the BSP Bank, the creative accounting of accounts would all add and total up to about K37 billion.

(Laughter in the Chamber)

Mr Peter O'Neill – On these debts, they are mortgaged against assets and shares. The public debt is an official record of your bank. Are you questioning the Central Bank and their treasury?

Mr SPEAKER – Order! I would like to make it clear to the honourable members that when the Chair does not recognise you then one should refrain from speaking. You can only speak if you are recognised by the Chair. It does not matter if it is a point of order or just making

a comment. Can we allow the Prime Minister to complete his response to the questions raised by the Member for Yangoru-Saussia?

Mr JAMES MARAPE – No Government is stupid to ignore the economic tenacity of our country. Let me assure the country that we are working with the prevalent economic conditions of our country that we are facing including import substitution which is a very important and fundamental issue that was raised by the Member for Yangoru-Saussia.

I will take a special interest in what is happening in the chicken importation that he has made a request. We will also take a special interest in the dairy industry that he has raised concerns about. But let me make it clear that our Government has policy view.

We want to stop the idea of funding and helping businesses. We want to instead put money in the banks. We do not want to give money to businesses belonging to 'wantoks' or cronies. If you want to operate a business in the private sector then you bring your own assets and we will give you incentives based on policies. For example, we can't build a potato chips factory in an area where there are no potatoes. If we plan and do things accordingly then things will work out and benefit all of us.

Mr Speaker, this Government is trying its best to clean up many mistakes that have been done before where it has not done well for us. There have been a lot of wrong investments done wrongly and are now not benefiting the country. We are taking charge of these mistakes and correcting them.

I agree with the principle of substitutions for the dairy industry but we are on the lookout of solid investors who have the potential to come and invest their own money. We are not going to give money to paper farmers or invest money just because you have the knowledge and know-how. For example, we recently brought in the *Fortescue Resources Limited* and they are more than willing to invest their own money. They do not want to sell us power if we can provide our own. They do not need our money; they will build their own investments in our country. This is the kind of investor and investment that we want and need in our country.

Mr Speaker, in the near future Minister Duma will announce partnership with BSP and NDB to go get money and increase capacity for our already existing businesses like Mainland Holdings Limited and others. I am sorry I have dragged on but he has asked very important questions that touch on our country's economy.

I want to assure that country that we are conscious about our economy but we must not sacrifice our long-term future for the short-term convenience.

08/05

Deep Sea Tailings Disposal Plan

Mr GINSON SAONU – Mr Speaker, thank you for allowing me to ask this important question on behalf of the people of Morobe as well as the country.

My questions will be directed to the Minister for Environment and Conservation, Honourable Wera Mori.

Honourable Minister, as you know, the Wafi-Golpu Mine located in the Morobe Province is in the final permitting process. My questions to the Minister is to clarify a number of very critical issues surrounding the proposed dumping of mine wastes into the Huon Gulf in a plan called the Deep Sea Tailings Disposal (DSTD).

It is my understanding that CEPA has undertaken two consultations with stakeholders in Lae regarding the environment impact statement and is continuing such consultations. It is also my understanding that you have been personally involved in awareness campaign on behalf of the developers, EIS Proposal and that you are about to approve the environmental management plan and the issuance of an environment permit without which, under our present law, an SML cannot be granted.

Above all, Mr Speaker, I do not want environmental damage similar to Basamuk in Madang because like our cousins across the Rai Coast, the people of Morobe and in particular those living along the Huon Gulf Peninsula rely heavily on the marine resources for their livelihood and survival.

My questions are as follows:

(1) Honourable Minister, as you are well aware, the waste is highly toxic.

(a) Why is Deep Sea Tailings Disposal the only option?

(b) Are you aware that the landowners of Babuaf have agreed in principle to make available as much as 500 hectares of land for the construction of a tailings dam?

(2) Are you and CEPA relying solely on the environmental impact statement from the developer or have you engaged independent scientific study to test the data and assumptions made and supplied by the developer as if it was Gospel truth?

(3) If you have obtained independent professional critics and assessments of the EIS will you agree now to immediately release such reports or report to the independent and international scientific team that my government has assembled so that we may assess this independently?

(4) If you will not release such report to us, what are your reasons?

(5) Will you give an undertaking on the Floor of Parliament and in particular to the people of Huon Peninsula that no environment permit will be issued until the environmental safety of our people, directly or indirectly affected is granted by the government and the developer?

Mr WERA MORI – Thank you, Mr Speaker. I take this opportunity to thank the Governor for asking me a series of questions. I am so thankful because I've been so quiet. No one seems to be asking me questions. I'd like to basically, with your permission, see if I could explain and respond to the series of questions.

Firstly, it is true and as required by law, we must tick the boxes so that the consultation process must take place.

Thank you, honourable Governor for alluding to the fact that CEPA and also MRA, through the Department of Mining, had actually continued the process and it is required by us to maintain that. So, those consultations are as required.

Secondly, I'd like to state here that I do not advocate for the developer simply for the fact that I myself has got to be satisfied that the EIS report that has been submitted is able to deliver the project in the way that it should be delivered.

Given the fact that he had a series of question regarding DSTD and the possibility of any other options available.

Mr Speaker, I'd like to inform this Parliament that the EIS process has taken a number of years to be completed.

09/05

They have looked at a lot of possible sites where they could be able to basically host the tailings, especially in terms of territorial tailings. But, unfortunately, given the fact that the ore deposit is deposited in an area where it is a very high mobile active zone it is not possible.

I would like to basically allude to the experience that we have experienced in OK Tedi. BHP asked the government back in the 80's that they were not to put a tailings dam at OK Tedi. But at that time, they were forced to put a dam. You know what happened to that dam? The dam collapsed. This is the sort of geological setting that we have where the Wafi-Golpu Gold is hosted. It is marked by a lot of major faults. It is along the boundaries of two or three tectonic plates and movements along them poses great risk. Coupled with that, that particular area receives a lot of rainfall. So, that in itself is a recipe for disaster.

I would like to also allude to the fact that more than 500 hectares are available in the lower Watut from Babuaf to Malarinam and down to Silisili. It is true but, Mr Speaker and Members of Parliament, they are sediments that have been deposited as a consequence of the Watut River flooding those plains and as sediments they have got high porosity. So, if you put a tailings dam, what will happen is that there will be active leaching and acid leaching which will be a major problem to the Watut River.

True and I know that the Minister for National Planning will not agree with me when I say that the Bulolo River has been clinically dead since 1926. But, I would like to basically say this; the volume of water discharge in the Watut River is this small compared to the Fly River. So, although you have a river system with a big catchment basin, the amount of water flowing is so small. So in terms of natural dilution, it will be a big problem. We have got to make a decision as a country. We have to be able to make that decision even for every development that has caused it.

And so, I would like to come to this idea of DSTP. Before I do, the fact that the Honourable Governor has raised questions pertaining to Basamuk, through you Mr Speaker, I would like to inform members of Parliament and the people of Papua New Guinea. There has been a lot of misconceptions on what had happened at Basamuk and DSTP. The problem at Basamuk had got nothing to do with the DSTP placement at Basamuk. It was a failure at the processing plant.

Mr Peter Yama – Point of Order! Mr Speaker, the Honourable Minister should discuss the issue in relation to Watut and not to talk about Basamuk because the matter is before the court. It is not for him to discuss this issue here on the Floor of Parliament.

Mr WERA MORI – Mr Speaker, the Honourable Governor made reference to Basamuk and how he did not want the same thing happening to Huon-Gulf.

The Honourable Governor of Madang, thank you for your interjection but I am trying to make it clear and respond to the question raised. It was a system failure at the processing plant and it has nothing to do with the structural integrity of the DSTP in Madang. So there are two unrelated things.

10/05

In the case of to DSTP in the Huon Peninsular, the proposal put forward by the developer includes undertaking extensive biometric survey and not basically confined to the physiography basin of the area but also under marine life.

It is now before the environment Council. The survey has to show there is enough depth to cover the tailing for the entire mine life.

Secondly, the corridor for waste discharge must have the appropriate gradient for the waste to migrate under gravity down into the basement.

Mr Speaker, I want to inform the members of Parliament that the discharge into the Huon Peninsular will not only come from the tailings. Every year there are about 60 to 80 million cubic meters of natural discharge from the Markham, Bumbu and Busu rivers. We are talking about physiography basin, the submarine valley, at least about 7000 meters. That is way below the carbon condensation depth.

What I am saying is that; when the tailings are deposited, it's going to be the part of the sediments that will make its way down to the canyon.

I am thankful that the honourable Governor has asked this question. It is only fair that I like to basically assure the honourable Governor and people of Morobe that as a responsible government, we CEPA will now have a monitoring station together with the developer based in between Bukawa and Wagan whereby, we will monitor on a regular basis.

This going to start from this mining project and will take it up into Ramu Nickle and across to Lihir and any other projects practicing deep sea tailing placement.

The deep-sea tailing placement is not as the submarine tailing disposal. The deep-sea tailing placement involves decisions on where to place tailings and reasons why they want to place the tailing there.

In the case of Wafi-Golpu it is going to be below photic zone order where it supports the marine eco-system which we all depend on.

Mr Benny Allan – Point of Order! We appreciate the Minister trying to explain the process but we are running out of question time.

It seems that the Minister is delivering a statement. Can he keep his response short?

Mr SPEAKER – Honourable Member for Unggai-Bena, the honourable Minister is answering the question. However, he is using technical terms that members cannot understand and likewise the people of Papua New Guinea.

If the Minister can use simple terms, then people outside will also understand what he is saying.

Honourable Minister, you may continue.

Mr WERA MORI – Thank you, Mr Speaker. I understand and will not speak much.

The independent survey done and the benthic feature are far below the depth and has no relation with the ecosystem we depend on.

Mr Peter Numu – Point of Order! Mr Speaker, it's unfair because many questions need answers and our people need to hear them.

Therefore, I would like to seek leave to extend question time to have an opportunity to ask my questions.

11/05

SUSPENSION OF STANDING ORDERS – EXTENDED TIME FOR QUESTION

Motion (by **Mr Peter Numu**) agreed to –

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

Mr WERA MORI – The good Honourable Governor had referred to independent studies and I'm pretty sure that there were some studies but these were studies done for academic purposes. This was to know what sort of species live at that and what they were sitting on and they were what we call benthonic creatures. What I am trying to say is that these creatures that lives down there do not influence the life or the ecosystem that basically persists up on the aquatic zones. That is where the sunlight penetrates and photosynthesis takes place from the surface down to 200 meters therefore, there is no link going up for the creatures down there.

Therefore, I would like to say that when these things go down, the ecosystem on the surface will also be on the base as well so there won't be any impact of it.

Thank you, Governor and I want to announce that next week Tuesday, we will be having a consultation in Port Moresby so I want all of you to come with your questions so that we can discuss about it.

Thank you, Mr Speaker.

Papua LNG and Purari Hydro Power Agreement

Mr PETER NUMU – Thank you, Mr Speaker. My question is in regards to the Papua LNG, the proposed extension of the Antelope or PRL-15 into the eastern-bank of Purari River and also regarding the hydro-power agreement recently signed between KCH and Gulf Provincial Government.

Mr SPEAKER – Honourable Governor, who are you directing your question without notice to?

Mr PETER NUMU – Thank you, Mr Speaker. My question without notice is directed to the Minister for Petroleum and Energy.

Mr Speaker, I agree with the Prime Minister. Just recently he said that the deal for the Papua LNG came through the back-door. I have an evidence of areas where Eastern Highlands is captured in. They didn't consult the provincial government and the traditional land boundaries and I need a clarification from the Minister because I had visited the site and I physically saw the villages around the area.

Mr Speaker, the question which I will ask is imperative and as such, I wish to seek clarification on the provincial administrative boundaries or the imaginary lines against the traditional or customary land boundaries.

In this survey conducted by the Oil Search they carry out on seismic activities, it included: Kalmari, part of Okapa, Somavi village and other areas of Okapa and Eastern Highlands were captured in the social mapping.

When the seismic activities occurred, no one from Gulf came to claim compensation. My people of Eastern Highlands received compensation payment because they are the land owners. When we go through those agreements, I see that Eastern Highlands was not consulted. Everything was rushed through because the land there is traditionally owned by people of Eastern Highlands.

For the people of Gulf, yes of course, imaginary line or administrative line divides it, but they are located faraway. There are eight oil heads within the traditional boundaries of Eastern Highlands.

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This proposed extension that will go through the line which my people normally claim for compensation for.

Before the extension of Antelope or PRL 15 reaches the eastern banks of Purari River and into the traditional land boundaries of Eastern Highlands Province.

My questions are:

(1) Can you confirm whether the administrative land boundaries or imaginary lines take precedence over the customary land boundaries?

I don't know who created this imaginary line, whether it was taken by satellite, this line takes precedence over the traditional land. The traditional landowners there speak Okapa language and they are residing at Ward 3 of Okapa District. They are considered as Eastern Highlanders but all this time they were kept in darkness.

One time the Member for Okapa raised this issue but he was ignored and when I wrote a letter to include us in the negotiation no response was given.

Now is the time when we want to 'Take back PNG', I too want to take back Eastern Highlands on what is rightfully and traditionally owned by my people.

If the traditional land boundaries take precedence, can you as the Minister responsible listen to the cries of the people of Eastern Highlands Province and Chimbu and give us through your ministerial determination a separate PRL

Mr Soroi Eoe – Point of Order! My point of order is this; until such time that the boundaries are redefined, the present boundaries exist. I am fully aware of the fact that there has been interventions by Eastern Highlands Provincial Government coming down and inciting problems along the border. Please, I want this matter to be addressed properly and officially when boundaries studies are done.

Thankyou.

Mr SPEAKER – Honourable Member, your Point of Order is out of order because the Governor of Eastern Highlands is asking the questions to the Minister to answer. You are only trying to debate on these questions.

Mr PETER NUMU – Thank you, Mr Speaker. My questions are only to seek clarification because these portion of the land is traditionally owned by my people, irrespective of the imaginary line boundaries and he has to tell that to my people of Eastern Highlands including the people of Chimbu.

(1) Does this imaginary line take precedence over the land that is customarily owned by my people and the people of Chimbu? I just want clarification.

If it takes precedence, then, can you as the Minister responsible listen to the cries of the people of Eastern Highlands and Chimbu and give us through your ministerial determination a separate PRL or PDL, so that with this new Government under the leadership of our Prime Minister, Honourable James Marape, we can come up with our arrangement for project development in that area.

Mr Speaker, the last Government bulldozed everything without proper consultation with provinces where buffer zones, oil heads, and impact areas are located. But under this Government, we 'Take back PNG' and Eastern Highlands Province as well.

My second question is in regards to the hydro-power agreement that was recently signed. It's also mentioned in today's daily newspaper, what aspired between Kumul Consolidated Holdings and the Gulf Provincial Government.

(2) Is the Minister for Petroleum and Energy aware of this signing agreement before entering into business?

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It follows the Lamari River and goes all the way up to Kilmari which is inside Obura-Wonenra District. Our people live along there, it their right as it is their hunting grounds. It is their constitutional right as traditional landowners. They vote in Eastern Highlands and they speak the language so we cannot deny their rights.

(3) Why have you gone ahead to make arrangements that we have no knowledge of? So, Mr Minister, before we even do anything we should have a proper consultation done.

Mr KERENGA KUA – Thank you, Mr Speaker. That word benthonic is still resounding in our heads. I will answer the last question before I move to the first ones.

I am the Minister for Petroleum and Energy. On the issue of Energy, we are more involved on its policies, on the commercial front, it is the responsibility of the Minister for State -owned Enterprises. So, any business or commercial agreements or negotiations is through another Ministry so I will not comment on the hydro power arrangement, that was entered into with KCH.

If the Governor agrees then he can speak to the Minister later on and get some clarifications on this. Now back to the question on land boundaries and landowner determinations surrounding the Papua LNG, I have to be careful in my response because, I am also from Chimbu and could be accused of having conflict of interests on these issues. I have received a correspondence regarding these from the Governor for Chimbu and he requests that

when they are considering landowner determination, they should take into consideration the interests of Chimbu.

In the same way the Governor of Eastern Highlands also sent another correspondence on the same matter and I referred copies of these letters to my department as well as Total. under the initial studies and before a Minister signs off under the ministerial determination, it has to go to the developer who will then present it to the department for vetting. Once the department is happy, we will then have it sent to the Minister to sign off on it.

As Minister for Petroleum and Energy for almost two years, I have not seen any preliminary study but Total has assured me that parts of the work has been done during the Inter Oil days and we will continue.

Mr Peter Numu – Point of Order! With due respect to the Minister, the preliminary study on the customary land boundaries has already been done by Oil Static, they have done social mapping and others. That is why Eastern Highlands areas have been covered.

Mr KERENGA KUA – From my knowledge, Oil Search had no operating interest in that license. Inter-Oil had operating rights until they signed it across to total, so whatever studies they had it was probably done by Inter-Oil. On a more substantive points there could be some preliminary work don, they need to finalize it and then bring it back to the Minister for determination. I do not know whether this has been completed or not. I will check before I can let you know what the status of this is.

I will not speak to Eastern Highlands and Chimbu Governors but speak to all the Governors concerned and all those members and ministers concerned as I will make the necessary consultations before I can make the determinations from my end. We try to be as exclusive as we can be. As is justifiable. And then I can make the determination to minimize friction and dispute as much as possible.

One of the points I want to get across is that the final landowners is determined by the actual license boundary.

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The final landowners is determined by the reference to the actual licence boundary.

The Governor raised an important question asking which takes precedence, Customary Rights or Image Boundaries. The answer to that question is that it is decided by the PDL Boundary.

At the moment, there is PRL, we have not issued PDL but when we give the actual PDL license it may not necessarily cover the entirety of the PRL area as it can sometimes be reduced. This is one of the reasons why we are unable to reach a conclusion over the Landowner Determination until precise boundary of the PDL is determined. This will be a primary reference point on who is a landowner and can be a beneficiary. And also which provincial governments can be involved and so on.

So, it is work in progress at the moment and I am not able to give a conclusive answer to the Governor but we can continue to work together and as more information becomes available to me I will provide it to them.

Thank you, Mr Speaker.

Goroka By-Election 2020

Mr BENNY ALLAN – Thank you, Mr Speaker. My question is directed to the Prime Minister and is in relation to the Goroka by-election 2020.

There are rumours circulating that the polling will not take place as scheduled because of funding issues. So, I would like the Prime Minister to clarify if this rumour is true or not?

Thank you, Mr Speaker.

Mr JAMES MARAPE – Thank you, Mr Speaker, and I thank the Member for Unggai-Bena for asking this question.

Firstly, I would like to express that the rumour is just talk and is not true. There has not been any talk of deferring the Goroka by-election so it will still take place as scheduled but the only change is that the polling be on Monday so it allows for church goers to have time to cast their votes.

It was initially scheduled for a Saturday but it will be unfair for the Sabbath Keepers and there has been a lot of talk on that so it has been decided that it be on Monday on a non-worship day. Also, we have decided to put two polling booths in all the designated polling areas, one for men and the other ladies so there is gender equality in the votes.

The Electoral Commission has been asked to look into these two changes.

Thank you, Mr Speaker.

Consider Chimbu In Papua LNG Deal

Mr MICHAEL DUA – Thank you, Mr Speaker. My question is directed Minister for Petroleum and it is in relation to the issue that was raised by the Governor for Eastern Highlands.

We gained Independence in 1975 but that part of the country was forgotten and now we are making it an issue on this Floor because there is something there which is of value to us.

15/07

The Chimbu Province has done a lot in putting up aid posts, schools and sent missionaries to take care of this borders between Eastern Highlands, Gulf and Chimbu Provinces. We have the heart to serve these people. Since the discovery of resources there has be so much talk but we were there before it all happened.

My question to the Minister is, can you take the Chimbu people on board when making your decisions? Do not forget that you are from Chimbu too and do not take sides that are unfair for the people of Chimbu. We were there before the discoveries of the resources that are much talked about today.

Mr SPEAKER – Honourable Governor, are you asking a question or making a statement?

Mr MICHAEL DUA – My question is, can he recognise Chimbu? I have made a submission on behalf of the Chimbu people.

Mr SPEAKER – I will let the Honourable Minister to respond.

Mr KERENGA KUA – His remarks are similar to the Governor of Eastern Highlands therefore my answer is the same. My answer will be the same in that only due processes will be able to answers to all these questions. As it is, I am not privy to any preliminary or final answers yet. If they can wait then I can give an answer to them and the Parliament when I have something.

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 the Prime Minister from presenting a ministerial statement.

PRIME MINISTER (KEY PROJECTS UPDATE) – PAPER AND STATEMENT – MOTION TO TAKE NOTE OF PAPER

Mr JAMES MARAPE (Tari-Pori – Prime Minister) – I thank you and the Parliament for giving me this opportunity once again to make a statement. It is a statement in regards to key projects we have in our country. These are projects in our oil and gas sector, of which were discussed earlier.

Mr Speaker, I wish to give an update on the status of new projects in the mining and petroleum sector that are currently in the pipeline. This is unprecedented in our Parliamentary process but given that there is much misinformation being circulated by people with ulterior motives, some commercial and others political, I am compelled to inform this Honourable House on the status of these projects so that these lies can be put to rest. And more importantly, to give confidence to our shareholders and the people of PNG.

Mr Speaker, let me say this from the outset, when we came into Government in May 2019, we made it absolutely clear to our people and the business community, that the country must be entitled to a fair and equitable share of the benefits from development of our natural resources. The question is, how this Government intends to achieve that outcome. The answer lies in our policy directive, which includes:

- The State must take 60-65 per cent of the share of the revenue from these projects. This is inclusive of exercising our back-in-rights, that is equity and taxes;
- The State must secure early revenues, not only after 10-15 years after construction and operation periods;
- Provincial Governments and landowners must receive that their full royalty and development levy entitlement at 2 per cent, minimum;

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- The State must secure 5-10 per cent of gas, oil and minerals for domestic market obligations and downstream processing;

A national content package must be agreed whereby the project operator is legally obligated to utilize landowners and our own people for goods and services, purchasing of equipment and materials, local banking and insurance services, and training of nationals in all skill levels required for the industry; and all joint venture partners must share the cost of social obligations proportionate to their equity. Put simply, no free riders! Given example; the PNG LNG project even before first gas was exported and return of investment seen on 2014 with national government five years early was putting down IDGs and high impact funding and business development grant extracts, all joint venture partners must share the cost of social obligations proportionate to their equity. Put simply, no free riders!

Mr Speaker, the Government's policy mandates were put in place after careful review of current benefit sharing arrangements in both current and ongoing project developments in the country as well as in other countries in the world.

Let me give you an example of what the country receives from one or two of the current projects, just to illustrate this point.

From one of the recent petroleum projects in the country, the State receives only 40 per cent of the revenue. This represents State equity of 16 per cent, taxes and royalties and the development levy. No taxes will be paid until 2024 as all taxes legislated by law were exempted in the project agreement.

There is no early revenue. Landowners and provincial governments do not receive their full 2 per cent royalty and development levy entitlements, they receive less than 0.8 per cent after deductions; no DMO and no legally binding national content packages.

The State assumes 100 per cent responsibility for social obligations. The other joint venture partners do not contribute at all, not a single toea.

In this example, the Government was spending millions of kina well before a single dollar was received from the project; and tax credits are applied for projects in the host provinces (that is still State's tax revenue).

So, we do the simple mathematics. After deducting tax credits and millions of kina spent by the Government to full-fill social obligations, the net share of revenue earned by the State is just under 35 per cent.

In other cases, it is even worse. The State receives just 10-20 per cent. This is not good enough.

Mr Speaker, this is an injustice and totally unfair to our country. For far too long we have been denied a fair and equitable share of the benefits from the development of our natural resources.

We continue to get such a raw deal because of the manner in which project agreements are negotiated and entered into. Therefore, is it no wonder we continue to struggle in financing our budgets year after year; no wonder landowners and provincial governments continue to protest and complain over lack of development; no wonder we continue to mortgage our children's future by borrowing more and more and falling deeper and deeper into debt; no wonder we have yet to see growth in small to medium business developments in our country; no wonder there is no downstream processing industries such as oil, gold refineries, LPG for domestic use, and pro-chemical industries, no wonder we can't provide power supply to 70 per cent of our people, because we allowed for all oil and gas to be exported; no wonder we have not developed local skills and capacity; no wonder we have not been able to create jobs for our young people, coming into the labour market every year; and no wonder we are always facing shortage of foreign currencies.

Mr Speaker, the "no wonder" lists goes on and on, and on. Where we are today is a direct result of poor historical decision-making. We simply can't afford to continue on this path.

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We have a growing population whose demand for better and reliable services, jobs, business opportunities, food, security, and law and order is rapidly increasing every year.

So what can the Government do?

Do we continue to beg other countries for help like beggars?

Do we continue to borrow more and more to provide for our people, saddling our future generations with a massive debt?

The time to change the course starts with this generation of leaders.

Mr Speaker, let us use what our God has blessed us to empower our citizens and to bring about lasting prosperity for our people and the country.

Mr Speaker, we must build our nation with our own natural resources. If we don't, it will be too late and the socio-economic and geo-political risks will be far reaching. That is why we have to take back PNG using responsible policy interventions and careful negotiations in order to get a fair and equitable share of the benefits from the development of our own natural resources.

Mr Speaker, I will not apologise for this policy stance to anyone; that includes our investors. We welcome all investors to our country, and they are entitled to a good return on their investment. But likewise, we too deserve our fair share.

Mr Speaker, now let me give this Honourable House an update on the status of some of the key projects currently on the table.

Porgera Gold Mine

Special Mining Leases (SML) for the Porgera Gold Mine, which were granted to Placer Dome and later Barrick Nuigini Limited (BNL) in 1989, expired in 2019 after 30 years of mining operations. And let me thank the people and Government of Enga for been a wonderful host whilst there were environmental sentiments on the ground and whilst there were many unfulfilled obligations including lack of fulfilment for re-settlement, as they were mining in settled areas.

Sir Ipatas has been Governor of Enga for 23 years, and let me place in the *Hansard*, appreciation of the Grand Chief Sir Peter Ipata's leadership, the Honourable Member for Kompiam-Ambum, Mr John Pundari, a Member since 1992, and all leaders of Enga Province until today. Never was the mine closed from law and order issues or unrest in Porgera, and after 30 years the lease has expired.

Mr Speaker, BNL applied for an extension of the SML in July 29 2017 for a further 20 years. The regulator, the Mineral Resources Authority (MRA), an independent regulator, recommended to the Government to refuse or reject the application for extension.

The Government through the NEC affirmed the recommendation of the regulator and refused the application.

This simply means that by operation of Law, the SML (our land) is returned to the owner, which is the State.

Mr Speaker, BNL therefore has no legal right to operate the mine, that right to operate the mine will be assumed by the new SML holder. I know that there are some claims that the State has nationalized or expropriated the mine or assets belonging to BNL. This is utterly

absurd and based on nothing more than lies. We have simply exercised our rights under PNG law, all the assets at the mine site are intact and rightfully belongs to BNL. Only they will decide whether to sell or dispose of them. If they wish to sell, the Government is prepared to make an offer.

At this stage, the Government is unable to re-open the mine because BNL has taken legal action against the State.

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Mr Speaker, in good faith, the Government has offered BNL some equity and operatorship under a management contract, however, sadly, BNL has refused unless the SML is renewed and granted to BNL exclusively. All I can say is their demand is not legally possible simply because the SML has expired and the subsequent refusal of the extension application was by full operation of our laws.

We are very keen and committed to re-open the mine, with or without a partner.

We have OTML which is 100 per cent owned by us and operated by nationals. I do not see why we can't do the same for Porgera Mine.

Mr Speaker, it is possible, however, that we will explore other options as well. When all commercial and technical aspects are in place, we will announce the re-opening of the mine and I am hopeful that it will be soon.

Let me conclude by saying, Porgera Mine has a lifespan of 20 years with projected gold reserves of 11.2 million ounces. If the mine produced 500,000 ounces a year at a price of \$US2,000 per ounce, the gross income would be \$US1.0 billion. After the operating cost of US\$400m a year, the net (pre-tax) cash flow would be SUS600m. That is, K1.8 billion would be directly injected into our economy. Just imagine the positive impact on the economy and our country.

Wafi Golpu Mine Project

Mr Speaker, this project will be a large-scale underground mining project. It is ranked as a worldclass copper-gold resource. This project is situated in Morobe Province between the Huon Gulf and Wau-Bulolo Districts. The project is owned by Harmony Gold Mining Limited (a South African company) and Newcrest Mining limited (an Australian Company) on a 50:50 shareholding basis. If the State decides to exercise its right to take 30 per cent equity, both companies will proportionately dilute their shareholding. Let me indicate to our people of this country and to this House that the State will exercise its full action of 30 per cent. Let me thank the Morobe Provincial Government and the Governor of Morobe that the illegal MOU that was signed on the margins of Sydney Mining conference led by former Prime Minister lost 10 per

cent of that 30 per cent Back- in Rights intervention that the Governor of Morobe and his PEC took was to restore that. We took and office by consensus with agreed to withdraw the court, this is your first right that government will not forfeit our 30 per cent. We thank the Morobe Provincial for trusting us. The 30 per cent is on the table and we will exercise our full right, and in discussion with Morobe Provincial Government, of course, will re-coupe what was lost and are at liberty to discuss with us.

Mr Speaker, The project will be developed in three stages over a total lifespan of 28 years at a cost of US\$5.4 billion.

The WGJV has lodged a development plan and it is being assessed by the relevant Government Agencies. The assessment will include technical, financial and environmental considerations.

These important assessments will be completed soon, and will be presented to Cabinet for approval, after which, the State Negotiating Team will formally commence negotiation of the project agreement with the JV partners.

In the meantime, the Government through the Ministry of Mining has completed the following as required under various laws, including the Mining Act:

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In the meantime, the Government through the Ministry of Mining has completed the following as required under various laws, including the *Mining Act*:

- Land identification studies for the SML;
- Pipeline and waste discharge area studies and the impact on landowners;
- A resettlement plan in collaboration with WGJV;
- Assessment of the environmental plan, with consultations with stakeholders already underway;
- A National Content Plan, or Business Plan; and
- A Training and skill development Plan.

The Government through the Ministry of Mining has commenced consultations with the Morobe Provincial Government and landowners on the environmental plan and draft MOA for benefit sharing, social obligations, and business opportunities.

Mr Speaker, one of the critical issues we are concerned about is the WGJV's mine waste management plan, where deep sea tailing is being recommended.

The State is having discussions with WGJV on why this has been proposed and the level of impact on the environment.

Additionally, the Government is now finalising the fiscal and non-fiscal terms for negotiation consistent with the policy directive or mandates, with a view to signing the project agreement by the end of September, 2020.

Papua LNG Project

Mr Speaker, the Papua LNG project agreement was signed on 9 April, 2019, with Total PNG Limited and other joint venture partners like ExxonMobil, Oil Search Limited, Nippon Japan. The State will own 22.5 per cent of the shares if we decide to exercise our back in rights, as provided by the *Oil and Gas Act*.

Its total capital outlay is estimated at US\$13 billion.

It contains similar terms to that of the PNG LNG project, namely improved 1.2 per cent for royalty and development levy and 5 per cent gas for Domestic Market Obligation.

As a result, the country will receive close to 46 per cent of the project benefit, a mere 6 per cent increase against the 40 per cent share from the PNG LNG project.

However, our shares could be further deduced or discounted (to somewhat 42 per cent) because we agreed to a fixed price regardless of drop in the oil price. More importantly, there is no value as the price is the same as the international price.

We should have secured a higher share of the benefit but we lost the opportunity due to the misguided approach at the negotiating stage.

When this Government came into office, one of the first actions we took was to attempt a renegotiation of the terms of the agreement

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However, this was not possible as the agreement was binding on the State.

Let me at this juncture also thank the Petroleum Minister who through insistence from our level was able to secure some gain in as far as local content is concerned through shipping, defining pipeline to be strategic pipeline, securing Forest reserve for PNG to be discussed within Total and Bank of PNG for a threshold to be maintained and increase national content

participation and I thank the minister for Petroleum for pushing a little bit more for us to at least gain a little bit for our country.

Mr Speaker, this project has been delayed due to two primary reasons apart from other reasons as we know lately.

Firstly because of the impact of the corona pandemic, and secondly other joint venture partners, particularly ExxonMobil and Oil Search Limited's insistence for P'nyang Gas to be part of the project.

Clearly, Papua LNG project development is not conditional on P'nyang Gas resources. And yet the country has been unfairly held to ransom, so to speak, by these two companies.

To be fair and to place on record the latest development, Oil Search for instance, has been kind in offering additional equity back to the State on the table for State to take as well as ExxonMobil has responded favorably in as far as Wafi-Golpu must do with regards to P'nyang Gas resources.

Our Government will not tolerate such behavior like people holding guns to our heads and asking us to enter into project agreement at haste compromising what we want to gain for our people.

We are seeking legal advice and when this is done, we will be sitting down with Total to get this project started after the sensitivity of the Covid-19 pandemic has ended.

I want to assure this Honorable House that this Government is fully committed to ensuring that this project is developed without further delay and TOTAL has been maintaining an open line with us up till this point in time.

P'nyang Gas Project

Mr Speaker, P'nyang gas project is located in Western Province and currently owned by ExxonMobil and Oil Search Limited in as far as their interest is concerned.

The Project Retention License (PRL) expired in August 2015, and is preserved by the lodgment of an Application for a Petroleum Development License (APDL) with the Department of Petroleum and Energy.

The total capital cost of the project is estimated at US\$9.2 billion and expected to generate a net (pre-tax) cash flow of US\$23.3 billion over a period of 20 years.

The Government agencies, under the guidance of the State Negotiating Team (SNT), completed all the technical, environment and financial assessments in late 2019. Their findings and State term sheets were endorsed by Cabinet, which directed the SNT to commence formal negotiations.

The State term sheet included:

- Corporate tax at 30%;
- Production levy at 10%;
- Royalty and development Levy at 2% FOB, no dilution, that means, no deduction as is the case today in Papua and PNG LNG;
- 5% import duty;
- Social levy at 2%;
- 10% gas for DMO at a discounted price, not market price;
- 2% fiscal stability;
- Additional equity for Western Province;
- Funding for early Community Obligations;
- 15% withholding taxes;
- No foreign exchange exemptions; and
- National Content packages, including shipping and ownership of the pipeline.

These terms were developed on the basis of the Government's policy mandate, which I outlined earlier, and it is fundamental to achieving a fair and equitable share.

Mr Speaker, I regret to report that negotiations broke down in late January 2020, due to dissatisfaction over ExxonMobil's insistence for similar fiscal terms under the PNG LNG project. This was despite the SNT making 13 concessions from the 27 items in the State Term Sheet.

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I wrote directly to the ExxonMobil Chairman and CEO, Mr Darren Wood, in June 2020, making a strong case, and at the same time, making additional concessions.

The Chairman has responded positively, indicating that they fully understand the position of the Government and that they will respond after their consultations with other joint venture partners have concluded.

I am hopeful that both parties can find a mutually acceptable pathway when we re-engage, as a no-deal will have far reaching consequences for both parties.

PASCA Petroleum Project

Mr Speaker, Pasca Petroleum Project is a marginal (small) project, but it will be the first off-shore project in the country.

It is situated in Gulf, some 95 km from the Gulf Province coastline and 265 km west of Port Moresby. Hopefully, we don't have many landowners standing in that water that time.

They do pop up, Mr Speaker.

The project resources include a combination of condensate oil, LPG and gas. Gas resource is a very small 327 billion cubic feet (bcf) and it will be re-injected back into the wells, as that is not commercially viable for development at this stage.

The operator, Twinza Oil limited, is proposing a two-phase development process. The first phase is to develop the condensate and LPG, and the second phase is to harness gas resources.

According to the developmental plan, a final investment decision (FID) is targeted for the end of 2021, with production to commence in 2024.

All statutory technical, environment and financial assessments have been completed and the State is engaged in preliminary discussions with Twinza.

We hope to commence formal negotiation with Twinza Oil Limited soon and expect to conclude the negotiation by the end of September, 2020.

I commend the Minister for Petroleum and Energy because this project is in a very matured state of negotiations as I speak.

Mr Speaker, we are committed to completing negotiations on all these projects by the final quarter of 2020.

I remain confident with the work done so far by the respective ministries and the SNT, and I can assure every one of us and our people that we will remain focused on achieving a fair and equitable share of the benefits.

We have analyzed the financial models of all these projects and if we can negotiate a better deal, the country will receive significant financial benefits in the next 20 years.

The impact on our economy will be significant. Some of these positive impacts include:

- More money going to the provincial governments and landowners;
- More revenue to the National Government to finance our national investments;
- More investments in infrastructure, health, education and law and order, and improvements in the quality of lives of our people;
- Reduced reliance on borrowings or loans for financing our budget, and hence reduced debt;
- Strong foreign reserves, sufficient to sustain competitiveness of our kina against major trading currencies;
- More jobs and income opportunities for our people; and
- Increased foreign direct investment in the country.

Mr Speaker, we are on the right course and the journey that we are taking will not be easy, if I can remind all of us. It will be challenging to all of us, including our people.

But we must remain united and resilient on this course because PNG will be a winner in all aspects individually, collectively and as a country.

As the saying goes: 'short-term pain for long term-gain'. I believe in this.

If we don't do it today in our time and generation the compounded effect of negligence into the future will be really hard for us to get ourselves back.

If our Government's policy approach to achieving a fair and equitable share of our natural resources is wrong or a cardinal sin, I stand to be corrected and seek your forgiveness.

Thank you, Mr Speaker.

21/05

Debate (on motion by **Mr Rainbo Paita**) adjourned.

MOTION BY LEAVE

Mr RAINBO PAITA (Finshhafen – Minister for Finance) – I would like 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 Notice Nos. 209, 210, and 197 of Government Business this day, being called on forthwith.

**PRIME MINISTER AND NATIONAL EXECUTIVE COUNCIL
(AMENDMENT) BILL 2020**

First Reading

Bill presented by **Mr James Marape** and read a first time.

Second Reading

Leave granted to move the Second Reading forthwith.

Mr JAMES MARAPE (Tari-Pori – Prime Minister) – I move –

That the Bill be now read a second time.

Mr Speaker, on coming into office in June 2019 the Marape-Steven Government pledged to restore and to make robust a strong relationship between our ministers and their Agency Head to make them both more accountable. Our Government set out to make both our ministers and our Agency Heads jointly accountable for the advancement of our agenda to improve service delivery to our people.

Section 148 of the *National Constitution* provides for this relationship. To advance this vital objective we have re-established the two main ministerial sectoral committees - Social and Law & Order chaired by the Deputy Prime Minister and Attorney General and Economic & Budgets chaired by the Treasurer. They are supported by their respective Departmental Head Sectoral Committees.

We have also established a Performance Management System applying to ministers and their departmental heads based on Government priorities. Our ministers and their Agency Heads are accountable under their Performance Commitments Agreements. The ministerial sectoral committees will ensure compliance.

Mr Speaker, the sectoral committees bring their development strategies and legislative recommendations to the National Executive Council. It is essential that each Sectoral Committee recommendation being brought to Cabinet has been subjected to a "whole of Government assessment". We must have an assessment of the governance, human resource, budgetary & finance and national planning, implications at the National and Provincial levels.

For this purpose, we have the Central Agencies Coordinating Committee (CACC) established by the *Prime Minister & NEC Act 2002*.

Mr Speaker, the CACC reviews each Cabinet submission before it goes to the National Executive Council. The need for the CACC is not in contention. But over the years the role and functions of the Chief Secretary as CACC Chair has been contested by both ministers and their Agency Heads. The Chief Secretary position has been recognised to have too much power with the potential to undermine the fundamental constitutional relationship between ministers and their Agency Heads. It is also able to exercise direction over the Office of Secretary to the NEC.

Mr Speaker, after extensive debate at the political and bureaucratic levels the decision has been made to recommend to this Honourable House that the time has come to abolish the position of Chief Secretary, and reclassify it to the normal head to be called the Secretary of the Department of Prime Minister and NEC. We must protect the constitutional relationships between our ministers and their Agency Heads.

This conclusion was also reached by the Sir Brown Bai Committee in a Report to NEC of 2010. The position of Secretary of the Department of Prime Minister & NEC as "first amongst equals" will continue to chair the CACC. The role and functions of the CACC and the Secretary have been reviewed in the Bill. The holistic nature of policy and legislative recommendations have been approved by Cabinet in its Decision No. 242 of 2020 will continue to be protected.

Mr Speaker, the position of Secretary to the National Executive Council is created by the *Constitution*. It is a deemed Departmental Head and as a dedicated and independent office has a critical role in servicing the Cabinet.

The amendments to the *Prime Minister & NEC Act* strengthen and more clearly define the role and functions and the administrative and financial independence of the NEC Secretary - not to be subject to any direction or interference by the Secretary of the Department for PM&NEC.

22/05

Another important amendment in the Bill provides that the Secretary for the Department of PM&NEC will collaborate with the Secretary for the Department of Personnel Management in implementing the Performance Management System.

The Secretary for PM&NEC is responsible for reporting to Cabinet on the overall performance of each agency in delivering the Government priorities whereas each Agency

Head under Contract executes a Performance Commitments Agreement with the Portfolio Minister.

The Secretary for DPM is responsible for administering the Agency Head Contract System and for providing guidance to ministers on the Performance Commitments Agreements.

Mr Speaker, in summary the Bill contains the following important amendments to the *Prime Minister & NEC Act* for endorsement by this Honourable House:

(1) To abolish the position of Chief Secretary to Government and define the role and functions of the Secretary for the Department of PM&NEC and Chairperson CACC;

(2) To define the role and functions of the CACC in overseeing the preparation and implementation of whole of Government policy submissions in collaboration with the Ministerial Sectoral Committees; and

(3) To establish the Office of the NEC as an independent deemed department operating out of the Department of PM&NEC and clearly defining the role and functions of the Secretary for NEC.

We have also tabled the consequential amendments to the *Public Services (Management) Act* as follows.

(1) Government and to clarify the role and functions of the Secretary for the Department of Personnel Management and other Agency Heads; and

(2) To provide for collaboration between the Secretary of Department of Personnel Management with the Secretary of Department of PM&NEC in implementing the Performance Management System.

We are confident, Mr Speaker, that these amended Acts will bring great improvements to the operations of our Government. Therefore, on behalf of the Marape-Steven government we commend to all the Members on both sides of this House the passing of the two Bills; Prime Minister & NEC (Amendment) Bill 2020 and Public Services (Management) (Consequential Amendment) Bill 2020.

Mr Speaker, this amendment simply removes the position of Chief Secretary to streamline and have a flatter structure in Waigani, where all ministers directly reporting to Cabinet and all provincial governors reporting to their governors and again through the ministers.

I commend this Bill to this House.

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

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

Bill read a second time.

Third Reading

Bill, by leave, read a third time.

PUBLIC SERVICES (MANAGEMENT) CONSEQUENTIAL AMENDMENT BILL 2020

First Reading

Bill presented by **Mr James Marape** and read a first time.

Second Reading

Leave granted to move the Second Reading forthwith

Mr JAMES MARAPE (Tari-Pori – Prime Minister) – I move –

That the bill be now read a second time.

23/05

Mr Speaker, this is a consequential amendment to the principal amendment in the *Prime Minister and NEC Act*. My speeches in this amendment is co-opted in the earlier speech I made.

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

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

Bill read a second time.

Third Reading

Bill, by leave, read a third time.

ROAD (MANAGEMENT AND FUND) BILL 2020

Second Reading

Debate resumed from 1 September 2020.

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

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

Bill read a second time.

Message from the Governor-General

A message from His Excellency, the Governor-General dated 11 June 2020, was announced recommending the imposition of taxation in accordance with *Section 210* of the *Constitution* insofar as the Bill relates to and provides for such imposition.

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Michael Nali**) proposed –

That the Bill be now read a second time.

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

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

(Voting in progress)

24/05

The Parliament voted (the Speaker, **Mr Job Pomat** in the Chair) –

AYES – 76

NOES – 1

Bill passed with the concurrence of an absolute majority as required by the *Constitution*.

Bill read a third time.

25/05

Mr RAINBO PAITA (Finschhafen – Minister for Finance & Rural Development) –
Thank you, Mr Speaker. I also thank the members for attending this session. At this juncture, I thank members from both sides of the House for the good debates that we have heard and the subsequent amendments and legislation.

Therefore, I congratulate the Minister for Works on the profound legislation that he has brought forward to this House and the amendments to both the legislations brought by the Prime Minister himself.

ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 1.25 p.m.