

SECOND DAY

Wednesday 11 November 2020

DRAFT HANSARD

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PARLIAMENTARY DEBATES CORRECTIONS TO DAILY DRAFT HANSARD

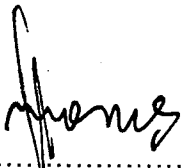
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.....
Mr Harry Momos

Acting Principal Parliamentary Reporter

SECOND DAY

Wednesday 11 November 2020

The Deputy Speaker (**Mr Koni Iguan**) took the Chair at 10 a.m.

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

Sitting Suspended.

The Deputy Speaker (**Mr Koni Iguan**) again took the Chair at 10.50 a.m., and invited the Member for Rigo and Minister for Labour and Industrial Relations, **Honourable Lekwa Gure**, to say Prayers:

‘You are our God and our Lord, we acknowledge your Lordship and Kingship in our lives. Father, we thank for this day that you have granted to each of us, not only those on this Floor of this Honorable House but also our guests in the Public Gallery as well. Father, as leaders of this House, we thank you for the leadership we provide to our respective electorates as we deliberate on matters of national interest, Father, we ask you for your wisdom and understanding that we can apply in our deliberations. Bless each and every member of this Parliament, the Prime Minister, the Opposition Leader and all the members of Parliament on both sides of the House. This is our prayer, we bring in the name of the Lord, Jesus Christ who taught us the Lords prayer. Amen’

ACKNOWLEDGEMENT OF VISITORS – STATEMENT BY THE DEPUTY SPEAKER

Mr DEPUTY SPEAKER – Honourable Members, I wish to acknowledge the presence of the students of the Pacific Institute of Leadership and Governance, Bungum and Maprik Secondary Schools, nine members of Maprik District Development Authority, students of Domagini Primary School in Rigo District and a prayer warrior group from various denominations from Dei Electorate who are here in the Public Gallery.

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

QUESTIONS

Mr DEPUTY SPEAKER –Honorable members, the Chair will recognize the new Member for Goroka.

I will give you the opportunity to ask your first question in Parliament and on behalf of my people of Markham Open, I welcome you to Parliament.

02/10

Improve EHP Water Supply

Mr AIYE TAMBUA – I thank the people of Goroka for giving me the opportunity to represent them.

Mr. Deputy Speaker, my question is directed to the Minister for Finance. Mr. Deputy Speaker, Goroka district is proud to have looked after three of our Prime Ministers namely, late Bill Skate, Peter O'Neill and James Marape; the water they drank and kaukau they ate has not changed at all over the years. Mr Deputy Speaker, my question to the Finance Minister is regarding our water system in the province. Goroka is known for its water borne diseases. If you visit the hospital in your province with symptoms of any water borne diseases, they will ask you whether you have visited the Eastern Highlands.

Does the Government have any plans to improve water supply in the province?

The system that is in place has been in existence for over fifty years and we would like to know if the province has been included in the water supply project because the province lacks the basic service of water supply.

Thank you Mr Deputy Speaker

Mr RAINBO PAITA - Thank you, Mr Deputy Speaker. I also take this opportunity to thank the people of Goroka for electing their member and I also take this opportunity to thank the former Member for the work he has done in the last two and a half years.

In respect to the question raised by the Member, late last year when the former MP was in office, there was a commitment by Prime Minister and I a payment of K1 million was presented to the Goroka water supply project.

There are two issues of water supply in the province; one is the Goroka water supply and the other is the UOG water supply. His questions raised are regarding both the township and the consistent water supply at the University of Goroka. So in terms of water supply in the township, we have already given K1 million. The Prime Minister has given assurance that the commitment to water supply in Goroka will be honoured and funding will continue this year. We have some special intervention programs like the District Water Supply and also District Maintenance Program too. Therefore, I would like to assure the Member that we will prioritize water supply programs in Goroka Town and UOG.

Thank you, Deputy Speaker.

Closure of Toxicology Centre

Mr GARRY JUFFA – Thank you Mr. Deputy Speaker for recognising the people of Northern Province.

My question will be very brief and it is directed to the Minister for Health regarding the toxicology centre housed at the Port Moresby General Hospital. This centre is reported to have closed. The toxicology centre addresses all snake bite issues in the country, especially in the Southern Region where there are lots of venomous snakes and up to 200 people die from snake bites

03/02

An Australian doctor by the name of Dr David William dedicated about 20 years of his life to this project. He has written a report stating that the Toxicology Centre responsible for studying this issue is going to be closed.

Is the Minister aware of the closing down of this centre? If you are aware then what is your department's plan to fix this situation to avoid our people dying of snake bites?

Sir PUKA TEMU – I thank the Governor for Northern of his question.

I am aware that the toxicology laboratory was supported by the Australian Government through DFAT and it is located at the Medical Faculty not the Port Moresby General Hospital. That particular program was to harvest some of the most poisonous venom from the Papuan Black and the Death Adder. We had an opportunity to study the venoms from these snakes. I had the pleasure of visiting this laboratory after the 2017 National Elections when I became the Health Minister.

Mr Deputy Speaker, I am surprised to hear from the Governor through this question that the centre is closing down. The importance of the Toxicology Centre cannot be over emphasised. In fact, a team of scientist and I had discussions with the Prime Minister to look at research and development in Papua New Guinea and for us to take advantage of such research. We did discuss about snake venoms and the research about it and the supply of anti-venoms to our laboratories.

I can assure the Governor and the Parliament that I will take it on hand and look into the basis of its closure and see if the Australian Government has actually withdrawn its support. As far as the National Government is concerned, we want to take charge and continue supporting this important research. I am making an undertaking to look into this matter and will report back to Parliament on its status.

Submission for PLWD – Unggai-Bena

Mr BENNY ALLAN – I wish to direct my questions to the Minister for Community Development.

We did a submission on behalf of the people living with disabilities in Unggai-Bena and sent it to the Department of National Planning and Monitoring. I did mention this to the Minister for National Planning and Monitoring and the Deputy Prime Minister to take note. He assured me that he was going to pass it to the Minister for Community Development to vet it and include it in the 2021 Budget. We intend to build a centre for the PLWDs from the Highlands and the Momase Region to cater for their needs.

04/02

We are aware that we have both the abled and disabled in our communities throughout the country. It is sad to see that the PLWDs struggle to sustain their lives while the abled ones are enjoying their lives. However, we have given a submission to create a center to take care of them.

The Deputy Prime Minister and National Planning Minister emphasised to have it funded through the department. I do not want to preempt how much the Budget will accommodate but I want to know this.

Did the Minister receive my submission from the National Planning Minister and have it vetted? If not, are there any plans to include it in 2021 Budget?

Thank you, Mr Deputy Speaker.

Mr WAKE GOI – Thank you, Mr Deputy Speaker. I thank the Honourable Member for Unggai-Bena for his question. In recent times, I travelled to almost every part of the country and few provinces that I've visited, I've seen the need to set up proper centers for the disabled.

However, to make it brief, you have given two submissions to them and they have briefed me on it. You also gave a submission to me but all our request submissions are still pending approval from the Department of Finance and Treasury for budgeting. If there is a room to accommodate them in the Budget then they will approve, otherwise lets wait and see from the Budget when it is delivered.

At least we have informed them. There is a need in Bulolo, Maprik, Lae and even in Port Moresby too; they invited me to their site to identify their needs so that it can be accommodated in the Budget submission as a department responsible.

Maybe all of these submissions totaled up to a huge amount of funds so that's why it was never accommodated therefore you were not given any response and as a result you are asking a follow up question. We have submitted your submission. There are so many PIP projects so we might expect some cuts, if that occurs, let's accept it. But, if there are any other ways to get assistance, we will accept it as well.

Thank you.

Church Health Workers – Public Service Intergration

Mr JOE SUNGI – Thank you, Mr Deputy Speaker. My question without notice is directed to the Health Minister. This is in regards to the ongoing problem of having inadequate health workers to serve our rural aid posts and sub health centers.

Mr Deputy Speaker, the problem is made even more difficult despite the PHAs being established in most of the provinces in the country. The PHAs cannot even play the role of recruiting health workers to serve in the church-run health facilities. They only recruit health workers that will serve in government health facilities and they cannot recruit on behalf of the churches to fill in the church run facilities.

Does the Minister have any plans to integrate the church health workers into the public service? And if he has that plan, when will it be put into action?

05/02

Can the Minister inform this Parliament and the people of this country, especially the remote parts of PNG on their status if they are under public service when recruited to work in church-run health centres?

The Government is paying the churches to recruit and pay the church health workers. Its inconvenient for us and we don't give much attention to remote sub-health centres when there are vacancies.

Can you clarify whether you have any plans in place to fix this major issue affecting all our remote sub-health centres in the country?

Sir PUKA TEMU – Thank you, Mr Deputy Speaker, I thank the Member for Nuku for his questions in relation to health issues affecting this country.

I just want to remind us once again that church health services in our country provides 49 per cent of the rural component of health services in our country. And therefore, we want to acknowledge the enormous support of the churches in our country so far as health is concerned.

At the moment under the structure supported by the National Government there are two parts of church health services; the Christian Medical Services and the Catholic Church Health Service. So, the Catholic program covers bulk of the church health services in our country and funding was allocated directly.

The other fact is, through an understanding, the salaries of church health workers and goods and services funded provided by Christian Health Services and Catholic Health Services are funded by the National Government through the budget. In actual fact, the National Government is responsible for the entire health service provision by the churches in our country.

In relation to issues on how we can administer the church health services, as we know, the churches express their desire to be considered as separate because the church and State in terms of politics cannot be merged together. Therefore, this is the understanding and the church health services perform better jobs than the Government-run health services in the country and we all can agree on that.

Therefore, our church health services disagreed in that regard but we allowed them to recruit health workers from any medical schools within the country or abroad; however, the National Government will cater for their wages.

In terms of disciplinary action, different churches such as Catholic, SDA, Lutheran United Church and Anglican are huge providers and have different doctrine and policies which they follow and so we allow them to administer that. In respect of that we leave the management of human resource with them.

06/02

In terms of the way forward, I am of the opinion as the incoming Minister under the current government that we should respect the church's position. So, with regards to the question, I will bring this matter on the table again with our church health service partners and have this agenda discussed, especially integrating church health workers into the public sector, which I personally think is not the best way because there is an understanding already.

Mr Deputy Speaker, the last point I want to raise is that all health services come under the Provincial Health Authority. Public health provided by the churches or by the National Government through hospitals in the provinces and rural areas come under the Provincial Health Authority.

So, my request and instruction is that church health services must now be under the umbrella of the Provincial Health Authority in terms of service provision. But in terms of managing this particular aspect, that discussion must begin at the Provincial Health Authority with the service providers. In this case if 49 per cent of East Sepik rural health service is provided by the churches then the Governor, CEO and Chairman of the Provincial Health Authority will need to sit down and discuss this issue.

We don't want a general policy because there are differences and different church organisations that provide services in different parts of the country. So, that's the perspective that I will bring in and we will further consult on this particularly with the church health service and the provincial health authorities so we can come with an amicable solution.

I hope, Mr Deputy Speaker, I have responded adequately to the question by the Honourable Member for Nuku.

Supplementary Question

Secure Jobs for Health Workers

Mr ELIAS KAPAVORE – Thank you Mr Deputy Speaker, I think one part of the question raised by the Member for Nuku is how to engage or employ many health students graduating in many institutions of our country.

There are many unemployed health workers today who are graduating so how do we engage or employ many of this people to the health facilities in our country? There are more than thirty community health posts completed through the ADB arrangement that are not utilised due to lack of staff. There are also many health facilities that are under going construction in many parts of our country.

Does the Department of Health plan to engage or employ many those graduates who are coming out from our institutions today to some of those health facilities? There many health workers today who remain unemployed and still looking for jobs everywhere in the country. Does the department have plans to initiate a formal transition engagement for new graduates to take up employment with these health facilities?

Thank you, Mr Deputy Speaker.

Sir PUKA TEMU – Thank you, Deputy Speaker and thank you Honourable Member for Pomio for the supplementary question.

As the Honourable Member is fully aware, in the old days what we used to do was that with the agreement with the Personnel Management and Health Department, we knew how many graduates will be coming out of all the institutions in health and therefore we would secure an agreement and create vacant positions. For instance, if medical school was going to graduate fifty next year than there are fifty resident medical students. We would than secure their funding in the budget similar to nurses and community health workers.

07/02

That process over the years has been badly managed and therefore, some residents for example, who have just come out of the medical school do not have a position and they wait for months and years to be employed.

The matter that the Honourable Member for Pomio has raised is a real one. I will definitely look at it in the discussion of next year's budget, there are issues the treasurer has been grappling with in regards to create the salary component of the budget in terms of those teachers or health workers graduating. And how do we make those positions available in the presence of a revenue that is small? I think those are challenges that we will face.

My advice with regards to the Honourable Member for Pomio's question is we will now have to make sure that the provincial health authority, whichever province you are in - you and your board, the CEO in particular and the provincial administrator. You will now

have to make sure that your Provincial Health Authority structure is done according to your needs. So those structure under the current process have to be negotiated and approved by the Department of Personnel Management. And so, CEOs' and Board Chairmans', Pas' please help them, you have to do this.

So, you have to also now know how many vacancies are there and how many facilities don't have a staff. You are in the position to do that, not the Department of Health. Under the reform, the PHAs' must take full responsibility and so I'm urging through this Honourable House, chief executive officers', chairmen of the PHAs' and also the provincial administrator who is an ex- office member of the Provincial Health Authority.

There are complaints coming from the Honourable Governors about the Provincial Health Authority and I'm now looking at how we can realign the legislation so that the PHA is also accountable to the provincial government.

I think that is desired by all the governors so I will bring in an amendment to make sure that the PHA also report to the provincial authority and the PA or his delegates become the full member of the Provincial Health Authority. I think that's the way to do it so we are preparing an amendment in that regard.

And so, the CEO and the Chairman don't build an empire in the provincial setting. The governor and his team and the Open members must be part of that exercise.

The health functional grant for example is then limited, Open member for Rabaul can give the ten percent that you have for health to the provincial health authority rather than you doing it yourself in Rabaul District and the CEO of the PHA in East New Britain doesn't know about this. I want to remind you that the PHA takes charge of all health programs from the province to the district, not the DDA anymore. I want you to understand that it is not the PEC or the provincial government anymore. It's under the provincial health authority.

But we will try and clean up all these things now that we have rolled out in all the provinces and the experience that we are having call for an amendment to these legislations. Thank you, Deputy Speaker.

Supplementary Question

PHA Act Regulations

Mr GARRY JUFFA – My question is in relation to an issue that I think contributes to this problem which is lack of regulation. I believe the regulations for the PHA Act has not been put in place for almost ten years now. So, can the good minister explain when this will be done because it's identified that the regulations will actually be the guidelines that will

allow the board and management to work together with the provincial government and the open members. Thank you, Open Member for Wapenamanda.

Mr DEPUTY SPEAKER – Honourable Minister that will be your last supplementary. Honourable Members let's have few supplementary questions and allow other members to ask new questions.

Sir PUKA TEMU – Thank you Mr Deputy Speaker, and thank you good Honourable Governor for Oro. It's an outstanding matter and its now on my number one priority to conclude the regulation. I want to do it with the amendment and set the regulations and we will see how we will go for the next five years and we will reform again.

08/01

USA-President-elect-congratulatory Message

Mr POWES PARKOP – Mr Deputy Speaker, I direct my question to the Prime Minister. My question is in relation to the Prime Minister's congratulatory message to the President-elect of the United States of America.

As you know, Mr Deputy Speaker, the United States of America is a big, powerful country in the world and what happens in there is a universal concern and they all have their own preference.

Mr Deputy Speaker, we have a stalemate at the White House and the incumbent is refusing to leave and has taking legal actions claiming fraud and you name it. I thought it is only a Papua New Guinea style but –

(Laughter in the Chamber)

Mr POWES PARKOP – But now it's already happening in the United States of America.

My question are as follows;

- (1) Is your congratulatory message too early? Perhaps you could have waited a while.
- (2) Did the Government advisors follow proper process in advising your office to make these remarks?

Mr Deputy Speaker, the matter is still pending and if the incumbent is still the President we will be caught to making an early presumption that will come back to haunt this nation.

Mr Deputy Speaker, I say this because in my observation some countries are reluctant to do so.

Mr DEPUTY SPEAKER – Honourable Member, I will ask the Prime Minister to answer your question but Honourable Governor, I was going to rule your question out of order but I see relevance in your question, therefore, I will ask the Prime Minister to answer your question.

Mr JAMES MARAPE - Mr Deputy Speaker, I thank the Governor of National Capital District for asking that important question.

We all know that the United States of America is the mother of all democracy globally speaking and I think the inner process and procedures are in place in their democracy to ascertain who the President is after these elections.

Mr Deputy Speaker, their due process will take its course but on advice based on close collaboration with the United States Embassy in Papua New Guinea in Port Moresby the Office of the Prime Minister was advised to make that statement.

Let me assure the Governor and the people of Papua New Guinea using this question to say that no one is stupid in the Office of the Prime Minister and in this Government. We are very much cognisant of our duty and care in as far as every work we do in our country including this instance of offering our congratulation remarks to other nations.

President Trump truly knows that America is a democratic country and the process will complete in due course.

Mr Deputy Speaker, once again based on advice and collaboration with the United States Embassy I did offer our congratulatory remarks and we are not the only country but global leaders across the world including Australia? Great Britain and New Zealand prime ministers and those leaders who are closely associated with the democratic governing principles have offered their congratulatory remarks on behalf of their country to the United States of America.

If in due course it is found that it is not proper, we will eat our humble pie and make apologies. But again, my office is in close consultation with the local US Embassy in Port Moresby.

Mr Deputy Speaker, on a more serious note in regard to the Governor's comments on election-related fraud and rigged elections, I must correct this statement in the strongest sense that Papua New Guinea is not the only place on earth that makes mistakes of any type.

09/02

I encourage all Papua New Guineans to think positive at all times of our country.

We talk about the biggest democracy and allegations on corruption and illegal practices and voter fraud emerging, shows that we cannot rubbish Papua New Guinea when something goes wrong in our country. Papua New Guinea is not the only country on planet earth that has voter fraud or illegal practice of any type. Of course, we have our fair share of practices but the statement from the US today should encourage us that we are not alone in these illegal activities globally so let us not encourage it. Not only the governor but I overheard one or two people in public places saying; 'The US have already adapted to Papua New Guinea system', goodness, since when did the Papua New Guineans teach them how to do illegal practices? They do not need us to teach them, they already know. We must not go against each other and say that this is how Papua New Guineans are. These are ways of human beings; every human being, male and female, by nature are all sinners.

Thank you, Mr Deputy Speaker.

Mr DEPUTY SPEAKER – Honourable members, I take cue from the Prime Minister to let the House know that if any member raising questions reflecting PNG on other issues, the chair will rule out your questions in the course to come.

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

Motion (by **Mr Chris Haiveta**) agreed to –

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

Telecommunication – Tower Sharing

Mr CHRIS HAIVETA – My question is very simple, I have experienced for the last 8 months trying to get a major Telco to agree with me that two communication towers that the Provincial Government purchased and put up is only available to all Telco users.

I am raising this question because this major Telco in our country has had its infrastructure which includes 250 communication towers around this country financed by the World Bank, from the provinces and from the country's allocations of loan money, meant for the people of the Independent State of Papua New Guinea, given to a private entity.

Mr Deputy Speaker, my question to the minister is very simple and I want the Minister for Telecommunication to take note. If there is no law that empowers you or the telecommunications minister to ensure that all infrastructure in telecommunications are made available to all carriers, can you ensure that you put in a policy and make the legislative amendments necessary to ensure that we do share these platforms between all carriers and they can all have cross-licensing fees and all kinds of structures put in place

10/02

It is like having public funds given to a private company and that private company then puts the road in and that road belongs to that private company and it charges everyone else to the exclusion of the rest of the country.

Mr Deputy Speaker, this sort of treatment needs to stop and must be dealt with in a better way. Therefore, I'm asking the Government to look into this and review it and all infrastructure in telecommunications are made available to all carriers. Thank you, Deputy Speaker.

Mr SASINDRAN MUTHUVEL – Thank you Mr, Deputy Speaker, I thank the Honourable Governor of Gulf for this very important question. The question is more related to the Communication Department but also including telecommunications infrastructure.

Mr. Deputy Speaker, it is right time our Government comes up with regulations in terms of tower sharing agreement, currently we do not have this in place. Any company that wants to establish any telecommunications, have to spend billions of kina to build their own towers. We would rather encourage tower-sharing agreement through Government legal framework irrespective of who builds the towers, whether it be the provincial government, a private company or a telecommunication company, so that goods and services and more so

communication services become cheaper and affordable to the people by reducing the costs. Together with the Governor we will take this to the Communication minister. He has been working on this policy and almost to complete the draft legislation on this particular tower – sharing agreement. We are also working with our development partners to get this legislation done. Thank you, Mr Deputy Speaker.

Fly River Dredging – Mining Permit

Mr ALFRED MANASE – Thank you, Mr Deputy Speaker, I'd also like to congratulate the new member for Goroka, welcome to the House.

Secondly, my question is directed to the Minister for Mining. In yesterday's parliament sitting we had the same questions directed to the Environment Minister on the same issue. I have read two reports relating to the sediments of Fly River and it shows high valuable mineral content in those sediments and therefore, a permit has been issued for them to be mined and sent off to Hong Kong.

Can the Minister tell this House and the people of Fly River that they have in fact given the necessary permit for that to happen? if not, on what basis is the company allowed to mine the sands with valuable minerals? Thank you, Mr Deputy Speaker.

Mr JOHNSON TUKE – I thank the Member for Kandep for his question. The operation in Bige is a dredging operation. We don't not have policies for limestone, quarries and sandstone. The Mining Department, as far as MRA is concerned, have not given any permit to conduct this mining operation. The sediments comes under the quarries policy which we don't have in place, therefore I have asked the Department to come up with the policies and acts to cover sand and minerals.

11/02

Mr Alfred Manase – Point of Order! Yesterday the Minister mentioned that they will dig out the sand and ship them to Hong Kong free of charge. There are many valuable minerals contained in those sand and I have two reports to prove that. If it contains valuable minerals, then it will require the authority of MRA to export. They must have a licence and approval to export this sand.

Mr Wera Mori – Point of Order!

Mr DEPUTY SPEAKER – Honourable Members on a point of order you cannot raise another point of order. I will allow the Member to finish with his point of order.

Alfred Manase – Under the law they will only export if they have a license to do so therefore my question is simple. Do you have a license to export this sand?

Mr JOHNSON TUKE – The mining operation of the mine comes under my jurisdiction. However, when rubbish comes out it then affects the environment thereby becoming the responsibility of the Minister for Environment, Conservation and Climate Change. He is the person responsible for the environment and not me. We have not given any permit to anyone to export this sand overseas as yet.

Mr WESLEY RAMINAI – On behalf of my people of Kagua-Erave, I would like to congratulate and welcome the new Member for Goroka Open. I wish to direct my question to the Minister for Police.

I have only 10 police personnel in my electorate of about 100 000 plus people. There has been five tribal fights during the last three years of my term as Member of Parliament. The last police station commander that we had was transferred out around September 2017 for reasons only known to the Police Force. I have a big need for police presence in my electorate. I do not know if you have been rightly advised by your department but I have a great need of a station commander and police personnel.

Mr Deputy Speaker, over the last three years, even with the previous Government, including this new Government, my simple and basic need is about police personnel. I have consulted the hierarchy of the Police Force including the former Police Minister and you as the incumbent.

The Kagua-Erave Electorate is in dire need of police personnel, a police station commander and general police presence. Law and order is on our priority list as an immediate rectification issue. My electorate needs a commissioned police station commander to take charge of the law and order issues including those mostly new police personnel there. We have police vehicles and a new police barracks that can cater for 20 families. I do not know if your department recognises my needs or not?

12/02

Therefore, my simple questions are:

- (1) When will Kagua-Erave have a good commissioned police officer; and
- (2) For how long should we wait; should we wait for another three years?

Thank you.

Mr BRYAN KRAMER — Thank you, Mr Deputy Speaker. I acknowledge the Member for Kagua-Erave for his questions. He has asked previously the same questions like other concerned governors and members.

Even this morning the Forest Minister raised concern for his PPC to change. So, I noticed that in a week or a month every Governor and Member will request for a new PSC and PPC. Last time I have said that I can do the change but few months later when you realised that they are not that quality and performed well, you will complain again for a new one.

Police is now going through a reform and I think there are forty-seven new officers. In the past there were no promotions given to the officers. Today, the Commissioner has set up two promotion screenings. In the past, officers were promoted through the backdoor deals.

So, about 47 officers have been commissioned recently. Some have served for more than 45 years as senior serjeants and they will retire at a serjeant level.

Unfortunately, under the leadership of the Commissioner, they attended a six months course put together by AFP and become inspectors and we are now deploying them throughout the country.

So, I have also noticed that when we get PPC or PSC from a province or district and post them to another province or district, the governor or the member argues about it.

So to answer your second question, I have been informing some of you to formally write and post it to me through my *WhatsApp* so that I can forward it to the Commissioner for formalities to take place.

I will try and get an answer you by Friday this week to confirm the officer. The Commissioner has deployed some officers but they neglect to go because there is a lot of risks up in the Highlands Region. Even though you attract them with better and improved facilities some of the police officers have fear to come there. Similar problems were encountered by Kavieng and Alotau in the past but, I am hoping to give you a respond by Friday to confirm a good officer who will go up there.

But we now have a major reform. In the past, police never chartered a plane, now we are chartering a plane. In the past logging and mining companies, and businesses that are operating out there used to charter planes to travel. So, for the first time in history, the police

force is now sending its own charters paid by its own budget because they are not stealing from their own money.

So there are now two deployments in West New Britain and East Sepik where police chartered their plane and paid their allowances as well. In the past, the members and the governors used to pay. On that note, I want no Member or DA or PA to be paying any officer. Simply tell them to deal with the Commissioner. The Commissioner will rate them and pay them within 21 days. You are not going to pay them. If they follow and disturb you, just lock them out from your gate.

Thank you.

East Sepik Roads – Funding

Mr ALLAN BIRD – Thank you, Mr Deputy Speaker. I also thank the Member for Maprik for bringing his people to the Parliament.

Mr Deputy Speaker, my question is a bit complex because it involves the Department of National Planning where the Deputy Prime Minister who is here and Minister for Finance and Treasury can take. However, Treasury Minister is not here so Prime Minister can take note. I extend my congratulation to the Deputy Prime Minister on his elevation to that post.

My Deputy Speaker, I direct my question to the Works Minister. This involves several projects within the province and I would like to acknowledge the former Marape/Steven government. They have recognised East Sepik for the first time and allocated significant funding in the 2020 Budget.

However, my concern is, accounts will close probably in four weeks' time and I am in fear that all of these project monies will be swept back into consolidated revenue.

Mr Deputy Speaker, all of these PIP projects; we have Turubu Coastal Highway, Roma Ring Road in Maprik, Petiko Nungwaya in Wosera-Gauai, Azil to Pagwi that's from Maprik main highway all the way to Pagwi in Gauai.

13/02

Ungwaiya in Wosera-Gauai, April to Pagwi in Maprik and the main national road leading to Pagwi in Gauai.

Mr Deputy Speaker, the Hawain Bridge which was budgeted by the former O'Neill/Abel Government which the funds were supposed to be swept back into consolidated revenue at the end of last year which I appealed to the then Finance Minister to quarantine them in the Central Bank and the funds are available this year.

However, Mr Deputy Speaker, we also have Kusan-Timbuke Road faced with this same issue. Unfortunately, none of these projects have been implemented, tendered and signed for it. My concern is that in four weeks-time these funds will be swept back into consolidated revenue, and my people are going to miss out on all these projects.

My questions are:

If you can't award the contract, and that applies to other districts and provinces as well.

(1) Are we able to quarantine these funds again as you did so for the Hawain Bridge last year?

Can I also suggest that if you can't quarantine these funds than can you transfer these funds to East Sepik Provincial Government trust account?

Our people, after so many years of not getting funding will actually enjoy the benefits of these projects.

(2) Are you able to implement these projects before the end of the year?

(3) If not, the Department of National Planning in future must allow funding below K5 million to the Procurement Authority in provinces to take care of and can be remitted at the beginning of the year to the provincial account so that we can tender projects rather than waiting for Port Moresby National Procurement Committee.

Mr MICHAEL NALI – Thank you. Mr Deputy Speaker, I thank the Governor for East Sepik for raising important questions in relation to roads because all the districts and provinces come under the Connect-PNG Program and we all are waiting for these projects to be implemented.

Mr Deputy Speaker, in East Sepik Province, four major roads are on my list and the Hawain Bridge also which connects Wewak, Aitape, Losanda to West Irian.

In relation to Hawain Bridge, it's under process now which the NEC has awarded the contract but the process is lengthy. It's with the State Solicitor to clarify the contract documents and once completed NEC will approve and the Prime Minister will advise the Governor-General to sign the contract on behalf of the State.

So Hawain Bridge is on track.

As for other projects in each district almost K132 million warrants have already been released and the funds are safe. I have instructed the Secretary for the Department of Works and Implementation to liaise with the Secretary for Finance and secretary for National Planning because the K132 million is parked in the trust account.

14/06

Many of these projects are undergoing construction works but in some areas about forty roads engaged under this program Mr Deputy Speaker, haven't come through the normal process of the Department of Works so we need data. There is no scope of the road, no data, no technical requirements and in the process of preparing all those the Works Department had completed it and it is now with the National Procurement Commission.

Mr Speaker as I speak, all those projects have been submitted four weeks ago and to date I have not received the data number. There isn't always a reason why something doesn't not happen along the line so we remain like this but current process of implementing projects is getting a little bit more complex because of the process.

I raised this issue in the NEC and the Prime Minister, Deputy Prime Minister and all the Ministers are aware of this. Government caucus this morning the Prime Minister notified the members that it is a practical problem. So, we are now starting to discuss a way forward meaning that once the government reached a decision on how to channel those funds so that we can implement those projects in the districts and provinces. When the decision is made we can fast track some of these projects

Mr Deputy Speaker, to answer the question of the Governor of East Sepik, firstly money is parked in the trust account and in safe hands. We just have to agree as government on how we will fast track the implementation of the roads.

Secondly, if the project is under K5 million we can use Provincial Supply and Tender Boards to award the project in the province or if below K2.5 million then the District Procurement Commission can award the project.

But it is a decision that we as a government must make so that I can clear all those projects but to conclude whatever funds government released is in the trust account and it will not go back to consolidated revenue and we can carry on next year implementing those projects.

Thank you, Mr Deputy Speaker.

Mr Deputy Speaker this management report has been considered and endorsed by the NEC under the leadership of now Marape- Basil Government and my stewardship as Minister responsible for Finance.

Mr Speaker the major milestone set out in this PFA Roadmap 2015-2018 has been completed including;

- 1) the roll out of the IFMS to the National Government Departments, statutory bodies; Provinces, Districts and PHAs;
- 2) modernisation of the *Public Finances (Management) Act 2019 (PFMA)*;

Just to make it clear most of this work is credited to the former Finance Minister now the Prime Minister.

- 3) the establishment of new *National Procurement Act, 2019 (NPA)*;
- 4) the successful control of non-tax revenue;
- 5) the review of Statutory Bodies and Trust Accounts;
- 6) and the Phone against Corruption initiative undertaken by the Department, and others

Mr Speaker, the Financial Management Improvement Program is one of the major government reform initiatives in the Public Finance Management space managed by my department.

The aim is to strengthen financial management systems and processes resulting in improved reporting, enhanced controls, increased accountability, greater transparency and an enhanced internal control environment across all levels of government.

In support of this, the Department of Finance has taken the lead role in the rollout of the Integrated Financial Management System as it is the core component of the PFME reform agenda, designed to complement the previous PNG Government Accounting System formerly known (PGAS).

The IFMS will strengthen internal controls; improve accuracy of expenditure reporting and the ability to respond quickly to changes in fiscal conditions including greater transparency and accountability in the public financial management practice. IFMS is an integrated, real-time system with enhanced functionality. Things like budgeting can now be done through IFMS; access restricted to users only; controlled by passwords; full audit trail is giving in IFMS; drill down capability and full visibility in "real time"; easy tracking of financial transactions and monitoring expenditure; and real time preparation and reporting of Financial Reports.

Leading into 2019, IFMS had been rolled out to 43 National Departments and all of them are fully operational IFMS now. Statutory Authorities have different operating and financial reporting requirements to national agencies; therefore, a suitable work environment was developed within IFMS for statutory bodies.

Internal Revenue Commission was the pilot agency and IFMS was successfully installed and implemented and a further six authorities were installed with IFMS and are successfully using the system. It has been rolled out to more statutory bodies including Provincial Health Authorities that are funded directly through the National Budget in 2019.

The sub national strategy provided the foundation for preparing a comprehensive IFMS rollout plan to facilitate the rollouts to the provinces and districts in 2019. The IFMS pilot project was undertaken in East New Britain Province and the districts were also completed, with the East New Britain Provincial Finance Office (PFO), District Finance Offices (DFO), Provincial Government and Local-Level Governments all operating successfully on IFMS during 2018 and 2019.

16/02

After the successful roll out of the IFMS, we are now rolling it out to other sub national levels.

Mr Deputy Speaker, IFMS is a good system created to reduce problems that have been identified in the previous system. However, we all do face problems with power, and Internet connectivity but again we all have to collectively work together to address the many issues raised. I have tasked my Department to do a major system analysis and address those issues going forward.

Mr Deputy Speaker, a major reform mandated by the 2015 PEFA Reform Road Map was a full-scale review of the central piece of legislation underpinning effective *Public Finance Management*, the *Public Finances (Management) Act, 1995*.

The amended PFMA Act has been fully modernised to meet the best international practice and to accommodate modern business practices and procedures. Also the amended PFMA makes it a very serious criminal offence not to comply with the PFMA, the Financial Instructions and the Finance Management Manual.

The amended Public Finances (Management) Act was passed in Parliament and took effect on 1 January 2017, and it's now enforced.

Mr Deputy Speaker, significant progress has been made to bring the outstanding annual financial statements for the last four years to the current year. The enhancement to the IFMS rollout to the State Departments and the statutory bodies has resulted in the significant improvement in the time it takes to complete the Public Accounts. This, along with a concerted refocusing of resources and priorities has been a major turnaround.

The Public Accounts for 2015 has been audited and is ready for printing. It is expected to will be tabled in Parliament shortly. Also, the Public Accounts for 2016 and 2017 have been completed and audited by AGO and the Department of Finance and is waiting AGO's management letter.

The Public Accounts for 2018 has been completed and submitted to AGO for auditing. My intention as Minister is that the 2019 Public Accounts will be ready for submission to AGO by end of March 2021, bringing the Public Accounts fully up to date. It is a requirement under PFMA that Public Accounts must be submitted to AGO by end of March each year.

Mr Deputy Speaker, the new *National Procurement (NPC) 2018 Bill* was passed in the November sitting of Parliament in 2018 as an Act. *The National Procurement Act 2018 (NPA)* is a major procurement reform that links cash management to procurement, as well as ensuring that procurement capacity is built in public and statutory bodies, while limiting the ability of the public and statutory bodies without procurement capacity to undertake procurement activities.

The major procurement reform goes to the heart of public financial management in PNG and will apply to public and statutory bodies at national, provincial and district levels. The reform commenced 1 April 2019 as per the NEC decision number 21/2019. The copies of the new act will be printed at GPO and circulated widely after FLC has finished its consolidation.

Mr Deputy Speaker, the Public Money Management Regularisation intent was good to raise revenue for the Government however certain constitutional requirements were not fully met and the Supreme Court ruled on the 27 May, 2020 that the *Public Money Management Regularisation (PMMR) Act 2017* was unconstitutional. A new legislation is currently being drafted for the management of state's non-tax revenues monies. It is continuing national fiscal policy that the diversion of non-tax revenue from the Consolidated Revenue Fund will no longer be tolerated and all government revenue will be allocated solely by this Parliament.

Mr Deputy Speaker, the review on the statutory bodies and trust account was also conducted by my Department.

Firstly, the review on statutory bodies was conducted to try and identify how many statutory bodies were operating in PNG. The purpose of the review was to look into reducing the existing statutory bodies who were duplicating functions of other State Departments and also those who were not meeting the purpose of their creation.

Secondly, the review on trust accounts was conducted to look into the existing number of trust accounts and bring it down to a manageable number and to ensure funds are used for intended purposes.

17/02

Out of the 500 trust accounts operated by various state agencies, the number was reduced to just 100 trust accounts that were operating without the formal approval of the Minister for Finance or they expired trust instruments were closed and is again a milestone of the reform and I thank the previous ministers before me who started this reform.

Mr Deputy Speaker, the forum against corruption is run by the Department of Finance as a pilot program within the department to date. The results of the program is encouraging, the achievements are;

(1) The program is rolled out to 46 agencies who have functioning auditing committees

(2) While the program is in pilot stage, the Department of Finance from 2014 to 2018 recorded 567 cases after the expansion in 2019 to the 46 agencies, the number of cases recorded more than doubled.

Mr Deputy Speaker, the Department of Finance has established a total of 45 audit committees in government agencies, and more than 15 plus agencies have agreed to bring them on board.

Mr Deputy Speaker, the Honorable Prime Minister was the long-term Finance Minister prior to my appointment and I acknowledge him for the successful achievement of so many reforms initiatives and I assure the House that I will do my best and to the fullest endeavours to provide the political leadership and support that is needed to achieve the department mandate and drive the PFM reforms forward in ensuring prudent public financial services are delivered to the people of Papua New Guinea.

Thank you, Deputy speaker.

Motion (by **Mr James Marape**) agreed to –

That the 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 the Minister for Petroleum presenting the

- (a) Income Tax (Papua LNG Project)(Amendment) Bill 2020,
- (b) Stamp Duties (Papua LNG Project)(Amendment) Bill 2020,
- (c) Insurance (Papua LNG Project)(Amendment) Bill 2020,
- (d) Oil & Gas (Papua LNG Project Production Levy)(Amendment) Bill 2020,
- (e) Income Tax (Papua LNG Project Production Levy)(Amendment) Bill 2020, and
- (f) Income Tax (Papua LNG Project Thin Capitalization)(Amendment Bill) 2020 forthwith.

INCOME TAX (PAPUA LNG PROJECT) (AMENDMENT) BILL 2020

First Reading

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

Second Reading

Leave granted to move the second reading forthwith

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

18/02

Mr DEPUTY SPEAKER - this Parliament has been very supportive of Papua LNG Project related Bills that were introduced in October session last year. As we are all aware, the Papua LNG Project Gas Agreement signed on 9 April 2019 committed the State to various fiscal and other concessions for which laws must be enacted to give its full effect.

Parliament passed 10 Papua LNG related Bills on 16 October 2019 and was certified by the Speaker on 23 December 2019. However, three (3) of those Acts contained grammatical or spelling errors owing to word formatting processes which substantially changed the meaning of the Act. The three (3.) are entitled as -

- 1) *Income Tax (Papua LNG Project) (Amendment) Bill 2020;*
- 2) *Stamp Duties (Papua LNG Project) (Amendment) Bill 2020; and*
- 3) *Insurance (Papua LNG Project) (Amendment) Bill 2020.*

These are the exact legislative amendments specified in Schedule 6 of the Papua LNG Gas Agreement which are necessary to rectify the mistakes in the above 3 Principal Acts so there is uniformity in the Papua LNG (Amendment) Acts and the Papua LNG Gas Agreement. The Acts need to come into operation at the same time. The corresponding amendment Acts passed in 2019 come into operation such that the Acts with errors are immediately corrected.

Mr Deputy Speaker, the Papua Gas Agreement also provided for at 2 per cent production levy, which is an additional benefit apart from the traditional royalty, equity and development levy. To enable this gain to be effectively implemented and benefits realized, there must be necessary amendments to the Oil and Gas Act, 1998 and Income Tax Act. Accordingly, this Parliament must pass the following Bills to give effect to the 2 per cent Production Levy provision contained in the Gas Agreement;

1. *Oil and Gas (Papua LNG Project Production Levy) (Amendment) Act 2020; and*

2. *Income Tax (Papua LNG Project Production Levy) (Amendment) Act 2020.*

Mr Deputy Speaker, in November 2019, this Parliament enacted a law entitled *Income Tax Act (2020 Budget) (Amendment) Bill 2019* which amended Section 155H, Subsection (3) (a) of the *Income Tax Act 1959*. The effect of that amendment was that it lowered the allowable deduction debt threshold for resource projects from 200 per cent from the initial 300 per cent (otherwise known as Thin Capitalization Ratio). The stabilization clause in section 9.5(a) of the Papua LNG Gas Agreement requires that the allowable deduction debt threshold remained at 300 per cent for the Papua LNG Project.

It is therefore necessary for this Parliament to enact a new law to preserve the fiscal stability guaranteed under the Papua Gas Agreement. The Bill for this purpose is –
Income Tax (Papua LNG Project Thin Capitalization) (Amendment) Act 2020.

Finally, Mr Deputy Speaker, these Bills that are being introduced and the other ten (10) that were already passed arise from out of contractual necessity. We as a State agreed in a commercial contract involving major project development to conduct our business in a certain way and as such we as a State must honor those commitments in the Agreement by giving legislative effect to it. Thank you Mr Deputy Speaker

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

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

Bill read a second time

19/02

Third Reading

Bill, by leave, read a third time.

STAMP DUTIES (PAPUA LNG PROJECT) (AMENDMENT) BILL 2020

First Reading

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

Second Reading

Leave granted to move the Second Reading forthwith.

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

Mr Speaker, I adopt the second reading debate already 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.

INSURANCE (PAPUA LNG PROJECT) (AMENDMENT) BILL 2020

First Reading

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

Second Reading

Leave granted to move the Second Reading forthwith.

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

Mr Deputy Speaker, as I said earlier, I reiterate and adopt the speech that I had already made.

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

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

Bill read a second time.

20/02

Third Reading

Bill, by leave, read a third time.

OIL AND GAS (PAPUA LNG PROJECT PRODUCTION LEVY) (AMENDMENT)

BILL 2020

First Reading

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

Second Reading

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

I reiterate and adopt the speech that I had already 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.

Message from the Governor-General

Mr DEPUTY SPEAKER – Honourable Members, I have to announce that I have received a message from His Excellency the Governor-General dated 11 November 2020 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 Kerenga Kua**) proposed —

That the Bill be now read a third time.

Mr CHRIS HAIVETA (Gulf) – Thank you, Deputy Speaker. I rise to congratulate the Minister for finally correcting anomalies that we as a government made which is not your fault. It shows that Bills agreed to by the government or any agreements that are made by the government when it goes to the system, it is lost or not properly drafted bad drastically.

I challenge the government to ensure that all future projects and agreements that we put through, that proper care and diligence is undertaken by the staff in the Legislative Council and all the way through to NEC to ensure that anything they give to the ministers to bring on the Floor of this Parliament is not flawed and this has slowed in some ways the progress of this project.

21/02

Nevertheless, Mr Deputy Speaker, I wholeheartedly support all the amendments the Minister has put through and yet to come. On that note, we should be reminded that for the first time we have in the oil and gas industry under Papua LNG a project agreement and this is an agreement and contract between the Independent State of Papua New Guinea representing all of us including my provincial government, Central Provincial Government and the landowners. It is not in law and that's a major difference between this agreement and this project, PNG LNG, Kutubu and Bougainville Agreement, where all these mines and petroleum projects were brought on the Floor of this Parliament and enacted as law. As for Papua LNG, and the project agreement is outside. I also want to thank the Government for

reviewing and pushing back as much as they can to ensure that these issues of domestic markets obligation and issues raised by my provincial government which were not looked at properly, but through the review a side letter of understanding and commitment has been given by Total to the Marape-Davis Government and now the Marape-Basil Government.

Mr Deputy Speaker, it's important for us to also note that we have on the Floor, which the Minister has introduced, an Organic Law that enshrined one method and regime of exploitation of mining and petroleum and that is production sharing.

Under this current legislative framework, Mr Deputy Speaker, we have a production levies amendment that we are making. Our oil and gas are flexible enough to cater for other levy's and taxes including a production levy which is only found in production sharing regimes and sharing agreements.

So, this is the point we should take note of. We have on the provincial government level, number of governors, we have raised our concerns on the Organic Law and Minister has made a commitment that we will sit down tomorrow or Friday to go through our issues of concerns. But apart from that I whole heartedly support the amendments that the Minister has put through.

Lastly the Minister, Prime Minister and Treasurer can consider lifting the income tax credit threshold to two per cent and also extend it to companies outside of the mining and petroleum sector to corporate entities so that they can also be included to assist to fund projects that are needed in the rural areas of our country.

And I want the Government to take note and I want to flag it as the Budget has been prepared that we do need to lift the threshold back from .75 per cent to two per cent to make sure that at this time when we really have the need for finances that the projects are tied to such as income tax which is outstanding.

On that note, I commend the Minister and Government for bringing this Bill to finalisation and put the agreements that we signed with Total and its partners in alignment now for them to move to the next stage.

Thank you, Mr Deputy Speaker.

Mr JAMES MARAPE (Tari-Pori – Prime Minister and Minister for Bougainville Affairs) –

22/06

Mr Deputy Speaker, I take this time to commend the Minister for Petroleum for his hard work and it is not an easy job and occupy the office that need strong hand. Was the previous minister before playing his part when we took office?

Amongst the first work we checked the Papua LNG where the previous government signed the agreement and we thanked them to bring this project on stage when we took office we felt that there is room for improvement. We have received extra from what was signed, but we have ensured that it is fully supported by the consequential amendment that we need to make.

I want to apologize to the industry that our government didn't deliberately stand in their way of laws not being pushed. The first amendments were done in November last year but in the haste of getting all these things done, there was a slip in the procedure and in between FRC and drafting of the laws there were some technical flaws that was made and Minister Kua did admit some punctuation mark put in place that where not supposed to be there and some wording that were inserted or combination of the laws that were combined into one.

We thought we were doing the right thing but we were advised that the industry wanted the laws to be passed exactly as mentioned in the Papua Gas Agreement. We have to go back to what we did to ensure that total congruence to entire national body of laws we have in the resource sector including our National *Constitution*.

I place on record through this House my appreciation for Total, ExxonMobil, Oil Search and all other Stakeholders for their patience and finally we get it through. It's better getting it correct from day one than living through with its element of regret into the future.

We are now at this stage and let me inform Members of Parliament and the country that I've received good news from Total. That despite the global Covid-19 pandemic and the contraction in the global economy the high delegate from Total will arrive in our country very soon. And for us to discuss with other partners in country including Exxon Mobil and Oil Search as to how we will process Papua LNG into the next phase now given that all legal encumbrances have been resolved and there is nothing in the way to progress the project.

So, this high delegation will arrive in the country within the next two weeks, Minister Kua and myself will get in and sit with them, for them to tell us exactly what is the time line for Papua LNG going forward.

That Papua LNG hasn't been stripped off in as far as direct foreign investment is concerned and Total is a global major. Companies like Total and Exxonmobil are global majors, they have entire global investment footprints so to speak. Globe is their market place, they do business all over the world and Total have 83 trillion cubic feet of gas project in Mozambique that was coming directly in contest with our own gas resource we have in Papua LNG and other fields here.

By Total coming in here the market advantage is we are closer to the Asian market where energy demand is great and we could easily fill in this spot market demand in as far as LNG is concerned. So, we will receive the high delegate from Total, the provincial government will sit with us on the table and we will progress this discussion and inform the nation what will happen later.

Minister Kua will also bring in the project agreement on Pasca very soon and one thing that is emerging now in as far as Papua LNG is concerned the detachment taking place from P'ngyang and Papua LNG. Papua will be mooted as a standalone project of its own and we are also working with our investors in the country like ExxonMobil as to the future of P'ngyang and other stranded field can be incorporated into what can be additional trains into the two trains that is envisaged to be delivered by Papua LNG.

23/02

P'NGYANG and how P'NGYANG and other standard can be incorporated into what can be additional trains into the two trains that is envisaged to be delivered by the Papua LNG. Congratulations Minister for getting this real soon and the hard work now starts where you and me will now progress into discussion with TOTAL, Exxon and Oil Search for Papua LNG to be progressed.

I thank every member of the house for your understanding on both sides and I ask you all to rise up for us to respond to this Bill that doesn't require us standing up. We will be advocating our support for this bill and I like both sides of the house to join in unison. Papua LNG has every opportunity to tip our economy from a 90-billion-kina economy into over hundred-billion-kina economy. And after Papua LNG, we will get PASCA and PINYANG and better deals that we want. This LNG will further push our GDP size bigger than where we are today. And of course, Porgera and Wafi-Golpu.

Four or five projects are in the horizon. We want to get agreements done that is towards strengthening and growing our economy. In this instance, all Members of Parliament

are positioned for seating two and wearing your caps as national leaders and for us to pass six this consequential amendment to the Papua LNG. Thank you very much.

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

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

Bill read a third time.

**INCOME TAX (PAPUA LNG PROJECT PRODUCTION LEVY)
(AMENDMENT) BILL 2020**

First Reading

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

Second Reading

Leave granted to move the second reading forthwith.

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

Mr Speaker, I adopt the speech that I have already 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

Leave granted to move the third reading forthwith

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

That the Bill be now read a third time.

Mr ALFRED MANASE (Kandep) – Thank you Deputy Speaker for recognizing me. I would like to make a small contribution into this. I would firstly like to thank the Minister for Petroleum in supporting and ensuring that this Bill is passed before we get the project back on track given the circumstance we are in. Just a few comments in relation to the legislation I have read in the earlier Bill that was passed *The Oil and Gas Act Papua LNG Production Levy*.

24/02

In relation to what I have read from the earlier Bill that was passed on the Oil and Gas Papua LNG Gas and oil production levy and also the current one the Income Tax Papua LNG Project Production Levy I am not sure whether it is the intention of the negotiation and the project agreement that the legislation be drafted this way because whilst looking at the legislation, it is stating that on the one hand we are imposing production levy at two percent but at the same time we are allowing the companies to make that an allowable deduction in the income tax.

Mr Deputy Speaker it is simply saying we are not getting anything extra and what they give at the production levy is then being clawed back by way of tax deduction.

If that is the intention of the negotiation in the project agreement, then we cannot do much. But if it is not and it is in the legislation then we need to relook that aspect.

Mr Deputy Speaker, similarly with the tax credit allowable, I see that both the development levy and the production levy will not become allowable tax deduction which essentially would mean that on the one hand the company spends and in most instances I have seen the expenditure on tax credit not done in a transparent way. But when it comes to paying income tax they claw that back to say that that is an expense in delivering a tax credit project. When that happens ultimately the country will lose in that revenue as well.

If that is the intention of the negotiation and part of the project agreement then we will never reverse that.

This is the concern I am having and we have always been complaining that we need to get more from our projects but unfortunately this legislation now tells me that on the one hand we are imposing the production levy expending the money as development levy and the benefit we get but in the overall taxation of the project by way of an income tax it has become an allowable deduction which I think the accountants are more familiar with that gymnastic. When that happens we lose in the profit tax.

This has been a troubling issue in most of the project developments in this country and discussions in project developments. At some point in time we need to tidy these issues up and say whether we incentivise and tell them that you can claw it back or it's a production levy at two percent on the well add value which will be a huge benefit to us similarly like the royalties or and therefore that no tax should be allowed and so we tax them again at the end of their income here or we do this gymnastic and allow the production levy to be paid in advance and they claw back at the end of each year by way of tax incentives.

Mr Deputy Speaker, this is very much my concern which I thought I would raise on this Floor and we can all have a look at it in that regard.

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

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

Bill read a third time.

**INCOME TAX (PAPUA LNG PPROJECT THIN CAPITALIZATION)
(AMENDMENT) Bill 2020**

First Reading

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

Second Reading

Leave granted to move the Second Reading forthwith

Mr KERENGA KUA (Sinasina-Yonggomugl – Minister for Petroleum) I
move –

That the bill be now read a second time.

Mr Speaker, I adopt and wish to reiterate the previous 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.

25/02

Third reading

Bill, by leave, read a third time.

Mr RAINBO PAITA – Mr Deputy Speaker, I would like to say thank you to the Minister for Petroleum for finalizing this important Bill and is now approved and also I would like to thank the house and the deputy opposition leader and all our members to sit through this sitting today and the debates we had from the shadow Attorney General and the questions raised.

ADJOURNMENT

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

That the Parliament do now adjourn

The Parliament adjourned at 12. 50 p.m.