

FIFTH DAY

Tuesday 17 August 2021

DRAFT HANSARD

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PARLIAMENTARY DEBATES

CORRECTIONS TO DAILY DRAFT HANSARD

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Corrections should be authorized by signature and contain the name, office and telephone number of the person transmitting/making corrections.

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Corrections should relate only to inaccuracies. New matters may not be introduced.


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HARRY MOMOS

Principal Parliamentary Reporter

FIFTH DAY

Tuesday 17 August 2021

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 Speaker (**Mr Job Pomat**) took the Chair at 10.40 a.m., and invited the Member for Yangoru-Saussia, **Honourable Richard Maru**, to say Prayers:

‘Our Father in Heaven, tudei mipela ihamamas long kam bifo yu in this Parliament. We acknowledge you as our Great God of this country. The creator God, the God of this universe. Yu stap na mipela stap. From everlasting to everlasting, thou art God. The only present God.

Father, mipela tok tenkiu long parliamen and the fact that you have given all members including our Prime Minister and ministers of Cabinet; the strength to come before you this morning to conduct the business of Parliament.

Father we want to start by acknowledging our sins as individual leaders and also the sins of our nation. Please forgive us and cleans us as a people group and us as your servant leaders this morning. Accept us into the beauty of your Holiness.

Father as we start Parliament, mipela askim long wisdom, presens blong yu na anointim long Spika bai em ken siarim gut disla miting tudei as we commence the last session of this week. Father mipela prei bai yu blesim Praitim Minista na ol minista bilong Cabinet. Lida bilong Opposisen na ol membas bilong Opposisen na olgeta narapla memba bilong Paliament. Mipela komitim sesen bilong tudei igo long han blong yu. Mipela askim presens na gaidens bilong yu so that the decisions that we reach today including the laws that we will pass will be laws that you will accept and approve from Heaven. Tenkiu long bringim mipela olgeta ikam na mipela komitim sesen, igo long han bilong yu na askim spesel blessing bilong yu tudei. Amen.’

**DEATH OF FORMER MEMBER (Mr Alfred Pogo, Finschhafen Open
Electorate) – STATEMENT BY THE SPEAKER**

Mr SPEAKER – Honourable Members, I have to inform the Parliament of the death of Mr Alfred Pogo on 5 August 2021, a former Member for Finschhafen Open Electorate. He was elected to the Sixth Parliament in a By-Election in September 1998 following the dismissal of then sitting member, Mr Yaeb Abini, from office.

During his term, he served as a member of the Special Committee on Public Service and Public Sector Reform. He was Deputy Chairman of the Special Committee on Foreign Affairs and donor agencies from November 1998 until July 1999. He was part of the Constitutional Development Commission from 10 June to 5 August 1999 and a member of the Permanent Parliamentary Committee on Provincial Government Suspensions in December 2000.

He also served as Minister for Defence from 26 July 1999 and Minister for Works and Implementation in December 1999 until November 2000. He was Minister for Transport and Civil Aviation in December 2000 and was given additional ministerial responsibilities as Minister for Works and Implementation in March 2001.

He relinquished the Civil Aviation portfolio on 17 March 2001 and concentrated on the Works and Transport portfolio. As a mark of respect to the memory of the late honourable Gentleman, I invite all honourable members to rise in their places.

All honourable Members present stood in their places for a minute of silence as a mark of respect for the late Gentleman.

02/05

**ACKNOWLEDGEMENT OF VISITORS (Local-Level Government
Members from Dei Open Electorate) –
STATEMENT BY THE SPEAKER**

Mr SPEAKER – Honourable Members, I have to inform the Parliament that the Local-Level Government Members of Dei Open Electorate in the Western Highland Province who are present in the Public Gallery. On behalf of the National Parliament, I extend to them a very warm welcome.

QUESTIONS

Local-level Ward Councillors - Allowances

Mr KOBBY BOMOREO – Thank you, Mr Speaker. I would like to direct my question to the Minister for Inter-Government Relations. Before, I ask my questions, I would like to thank the Prime Minister for making time to have breakfast with the Tewai-Siassi Councillors that visited the Parliament. This was important because it showed that you have time for the people.

Currently, many local-level ward councillors are still not on the payroll and those who receive allowances have not been paid.

(1) How is your department going to address this issue and include all the councillors on the payroll and pay the outstanding allowances?

(2) What has your department planned for the local presidents who want to contest in the 2022 Elections? If they want to contest, will they continue to work until the elections or do they resign like any other public servant?

(3) Will the ward councillors vote the local presidents or the local people?

Thank you.

Mr PILA NININGI – Thank you, Mr Speaker, and the Member for Tewai-Siassi, for asking these questions which are very important.

Firstly, the allowance for the councillors, we keep our records so we make references to these records when funds are available. And yes, we have not paid in the last few months but we will try to pay up.

My department has already made a submission to NEC, to put all ward councillors on the payroll, even if they earn K100 or K200 a fortnight. So that is the long-term development in regard to ward councillors allowance payments.

Secondly, those ward councillors intending to contest in the up-coming elections, circulars have been sent out to all public servants informing them to resign and relinquish their positions to allow them to go and campaign for the elections. So, they will be forced to resign.

03/05

Thirdly, NEC has to decide again as to whether the councilors or the general public can elect the president. Again, the responsibility lies with the NEC to decide. In the last elections

some presidents were elected by both the people and councilors. But, we will make decision consistent with the rest of the country, shortly.

Again, there will be submission before the NEC to decide and while I have the opportunity to make a mention, the terms of councilors will be increased to five years similar to members of Parliament. We will come back to National Parliament to pass the legislation so that councilors must be given the fair opportunity to represent their people for five years.

In the next election, I am hoping that we will go for 2022 general election while councilors and presidents remain until when we come back. They keep that office warm while we go for the elections. When we come back, they will go for elections in 2024 so, we must ensure to give them five years and that is what we intended to do.

Thank you, very much.

Sale of Public Land

Mr ALLAN BIRD – Thank you, Mr Speaker. My question is directed to the Minister for Lands.

Mr Speaker, this is in relation to another very public disposal of public asset to a private sector individual. I understand that there has been a court case that is ongoing but, now that has been discharged, we may discuss the issue.

Mr Speaker, we have also had issues in East Sepik and I believe there are other issues in other provinces where public spaces have been taken over by private sector individuals for business and other purposes.

Mr Speaker, as a governor of a province, I feel that we should be protecting public spaces for the benefit of future generation as opposed to disposing everything to the private sector.

My questions are as follows;

(1) In relation to the latest sale of very significant public space in Port Moresby can the minister explain to the House how that came about?

(2) Is it possible for us as a State to go back and seek a review so that this public infrastructure can be available to our people and not only this one but where there are other instances around the country where public spaces have been taken over by private individual, can the minister give an undertaking that his department will seek to overturn those court petitions in favor of our people?

(3) Who is the custodian and who protects these public spaces on behalf of our people?

(4) If there is no such custodian, is it possible for us to bring a bill to the House so that all these public lands are placed in the custody of the state institution to protect them for the future?

(5) Do public rights take principle of a private value?

(6) If not, why are we allowing it in our systems?

(7) Can the minister bring a bill to Parliament to outlaw all future sale of public property to private individual?

Thank you, Mr Speaker.

04/05

Mr JOHN ROSSO – Mr Speaker, thank you. I would like to thank the Governor of East Sepik for his very important questions. The Jack Pidik Park has been a matter of public scrutiny and controversy over the last few days.

The Park has been a complex issue and a lot of people have said that it was done through this term of government. No! It had nothing to do with this term of Government. Nothing of that came to my desk over the last couple years. This is a legacy issue; it's an issue the past government had left behind and now we are trying to rectify it. This issue began in 1991, 30 years ago and has been a concern since then. It all concerns a title held by the TST Group of Companies which the Government at the time wanted to use to extend the Port Moresby General Hospital, so they then had to give half that land portion to Port Moresby General Hospital. So, the Government in its wisdom in 1991 gave the lease to a company called Boy Consultancy which is associated with TST Group of Companies. They then changed the name Boy Consultancy Services, to City Centre Limited. So, from that time till now NCDC was not consulted. NCDC then started this battle 30 years by suing the company that got the portion of land at Jack Pidik Park and the court case was going on until last month, a court order was issued by the National Court and it has been to court numerous times. At that time when the title was given to Boy Consultancy Services, it was for a recreational area but it was for a business lease to my knowledge.

Now, we are starting to see if we can be able to unravel this web of legacy issues. The Minister at that time asked for a physical planning zoning to be done but was refused by the NCDC. They then appealed to the Minister at that time and the Minister upheld the appeal and gave it to the above-mentioned company.

(Members interjecting)

Mr JOHN ROSSO – This is not good for all of us because we have made those decisions at that time and so let's have respect for our compatriots as well.

This is a complex issue; it is not only Jack Pidik Park. There are other recreational areas around Papua New Guinea too. In my hometown in Lae, so many ovals and parks and similar issues where all business houses have been involved.

In my backyard in Papua Compound, I have been fighting to get back my own park, which has been a recreational park for the last 40 years and people have already acquired titles and I am fighting that battle too.

My advice to all Members of Parliament and to all cities and towns is that you must all identify your recreational ovals and markets and liaise with the Lands Department so we can invest those public recreational facilities to your respective towns and city management so that our parks and ovals are not misused or undermined. It goes back with our respective members of Parliament, please identify your recreational ovals, like what we have done in Lae. We have identified all our recreational ovals and we have now got the Lands Department to vest those ovals and even drainage areas. This is something to be included in the town planning. These areas must be must vested back in my case, the Lae City Authorities or in your case, the City Council or the provincial government. Please liaise with us so we can help you all prevent this; the law is already there, the only thing we have to do is make sure we enforce it.

Back to the Jack Pidik Park and in close consultation with the Honourable Governor of NCDC, who is adamant that we fix this issue, we are trying to sit down and sort it out with him. We also take into account the court orders so we are also not in contempt of court. We also have to follow the law so we now waiting on legal advice to see how we can pursue the matter to sort out for the best interest of our people and for our city.

05/05

For the Governor's case a very good case is the Wewak market. The councilors of the market tried to sell that market, so I stepped in and liaised with the good governor and we are now vesting it back to the Provincial Government so that they can manage the Wewak market.

There are a lot of people with vested interests so we have to stop and identify recreational land and do all we can to protect the interests of our children. And we are working on laws to make amendments to the Lands Act. We will bring this to Parliament, so that we work together to protect our public places and landownership rights.

Supplementary Question

Ownership of Public Land

Mr KEVIN ISIFU – My question is in relation to alienated lands.

Mr SPEAKER – Honourable Member, are you asking a supplementary question or a new one?

Mr KEVIN ISIFU – It's a supplementary as it relates to one of the markets in Wewak and also refers to a public area.

Mr SPEAKER – You are allowed to ask your question.

Mr KEVIN ISIFU – There is an issue in Yawasoro township in Wewak. There are areas earmarked to build public amenities, like markets but there are persons claiming ownership and getting titles of these areas. They have claimed these titles in Port Moresby, where we in the district and the East Sepik Provincial Government are not aware of. Therefore, I wish to bring this to the attention of the Minister.

Can you confirm to my good people of Wewak if the provincial land and physical planning board established already or not?

If we have enforcement agencies in place, we will not have people bypassing the provincial and district authority to come all the way down to Port Moresby to claim titles. Land grabbing and alienation is becoming a big concern for us.

Mr SPEAKER – Before I let the Minister for Lands reply to the good Member's question, the Chair would like to remind you all that; you must not ask new questions under the pretext of a supplementary question. I will not allow it.

Mr JOHN ROSSO – I wish to thank the Member for his question. It is an opportunity for me to make some clarifications. There has been 13 land boards and physical planning boards approved and delegated by the department to various provinces in the country.

06/05

I would like the provincial administrator to liaise with us and with our Lands Department so that, we can delegate those relevant powers to the Lands Board and Physical Planning Board in your provinces. In that way, you can manage your own affairs.

It is my interest that we delegate all our responsibilities for the Lands Department, back to their respective provinces. Thirteen provinces already have it and recently we delegated the powers for Central Province. In the light of all the issues that the Central Governor has raised, we have delegated the Lands Board and the Physical Planning Board powers to the Central Province.

We have also recently, delegated those powers to the West New Britain Provincial Government. We have also done the same for Manus Province because they have liaised with us and approached us in that manner.

I would like your Province to liaise with my Department so that, we can also set up proper boards for your province and handle your own issues.

Thank you very much.

Sir PUKA TEMU – Thank you, Mr Speaker. I also wish to ask my question to the honourable Minister for Lands because he is answering questions on land very well. I might as well ask him the same. I congratulate the Minister for doing his job exceptionally.

Mr Speaker, my question relates to part of the issue that the honourable Member for Kairuku-Hiri raised last week. I thought the Member was referring to a very important issue which the Minister did not answer well. The question was on the expiry of the 99-year State lease. The Minister advised Parliament, rightly, that the land remains with the State. But the *Land Act* does not stop there.

I would like the honourable Minister to use *Section 133* of the *Land Act* because of the issue that the honourable Member raised. For example, in Abau we had some big plantations in the 60's, like the Robinson River, the Gadoguina Cocoa Plantation which the original land-owners left behind without any roads leading to it and the land-owners are trying to take the land back because of the termination of the long-term lease, the State is still the custodian over the land.

But *Section 133*, according to my interpretation is that, only on gazettal notice, can the land be declared a customary land and therefore the land can then go back to the customary land-owners.

I really believe that the Minister should look at all the expired land that are faraway, like for my case which I have mentioned. I have requested for the Lands Minister and the Secretary to give back the Robinson River Land to the customary land-owners because, the investors left forty years ago. So, we requested for the land be given back so that the land-owners can look for an investor to invest in their big land.

(1) Can the Minister look at *section 133* to allow this type of areas to be managed under that provision? If not;

(2) May I ask the Minister to review the *Land Act* to merge section 133 after the state still owning the land for a long tenure period?

I think the thinking stage around the country; I know the Minister for Lands is committed to that, that our land-owners must benefit from the land. When I was the Minister for Lands, we pushed forward for the amendments and voluntary registration of customary land.

Some of this land where we know the actual ownership like the Robinson River, we can give the land back under declaration by gazettal and land-owners then can be given a customary land lease title, under voluntary registration. They can go to investors; there is a lot of forest in there which they can negotiate a forest development package.

07/05

The Minister is aware of the program called National Land Development Program. The NLDP has a Secretariat which comprises of senior lawyers. They have done an extremely good job and have progressed to the phase where for instance; the current land issues in Taurama Valley that the Pari landowners have sold the land for K30 000 thinking that they own the land. But the *Constitution* states clearly that the land in PNG cannot be sold but we only sell the title and not the land.

Therefor the NLDP Secretariat thought that there is a provision in the *Constitution* stating that we can bring in a customary land law to allow for managing of the Taurama Valley land issues and further to Gereka. And just recently the Governor for Central Province had complained that many outsiders have flooded that part of the area and bought of land and are residing on it. The NLDP Secretariat is working on a plan to combat that land issue.

(2) Minister, can you update the Parliament on the progress of that particular land development program? So that the Government can use some of these tools to manage the chaos in Bautama, Gereka and Taurama Valley.

With that, Minister, can access this program and inform all the Members of Parliament on how to manage land issues like myself in the Robinson River case so that we all have a fair idea of the progress of the program which I negotiated when I was then Minister for Lands.

Mr JOHN ROSSO – Mr Speaker, I thank the Member for Abau for his questions. I can clarify this issue on the Floor of Parliament for our people to appreciate.

He is right with the *section 133* of the *Land Act*. The onus is vested upon the Minister to see if, after the 99-year lease, and the land is not really being used, like an old plantation or so then the Minister, in his wisdom, can interpret that *Act* and see if he can assist the landowners.

But the issue is I would go one step further and say why would the Member turn the State Lease in Abau electorate to customary land. It makes more economic sense if you advise the landowners to form a company to apply for State Lease. Then you discuss with the Minister and land board in using the State Lease and bankable title to seek funding from banks to commence doing business.

It would make economic sense if the landowners can form business groups and get approval from land board to start a plantation and so forth. But if you use ILG then banks don't accept ILGs. I would be only in favour of that approach which makes economic sense.

Sir Puka Temu – Point of Order! I fully concur with the Minister's response in the formation of landowner company which we have already completed but our problem is with the land board.

Mr JOHN ROSSO – That's why we delegated the powers of the land board back to Central Province so they can choose their own destiny.

08/05

I would be more than happy to sit with the good Member for Abau and discuss these issues later in my office and advise on what would be the best possible way to approach them. But, my own personal view is with 99-year lease, you have more chance of having good economic titles that are bankable and the banks will recognise and give you a loan or NDB will give them a loan so it can be used in an economic-centred manner.

The titles states that it is a 99-year lease and everyone assumes that this land should return back to the original landowner, it doesn't. The 99-year lease policy is specific, the land was acquired for a purpose at a certain time for a certain price. The State is now the owner of that

99-year lease, they lease it out to a business entity or an eligible applicant through the Lands Board. After that lease is expired; for example, if a company occupies a land and the lease expires in the ninety-ninth year, then if they have developed the land, they come back to the Lands Board and apply for another 99-year lease and the Lands Board based on the developments, approves and develops the land.

If they have failed to develop the land then the Lands Board issues the lease to another applicant who would be in a better position to develop the land. Imagine, if all the 99-year leases expired in Papua New Guinea, we in Parliament would be paying rent to the local landowners now. It would send the whole nation into chaos. It is my job as the Minister to protect the rights of those who inherit alienated land and make sure those titles are protected.

(Members agreeing)

Mr JOHN ROSSO – Also with the question regarding National Land Development Program, it is a very good program, we are working on that. The NEC has approved funding for that and they are currently working on it. I cannot provide details at this time because it would probably be misleading. About four percent of land in Papua New Guinea is alienated land the other land is customary land, we have to find a way where we can harness and partner with our customary landowners and to do that. One of the things that our Government did in the past was to have ILGs. But, we have found a lot of problems associated with the ILGs. A couple of smart people have managed to convince the village people and they manage the ILGs and abuse their positions of trust in the ILGs. That is why most of them are not working in the interest of the villagers because few people are managing the system. We are working at a better way to bring it back to Parliament so that we can amend some of those things to ensure our people get protected properly. With ILGs, you also don't get titles that are bankable so one of the things that we have done is study the Roku project, at the Tuhava township. The local landowners partnered with a good business, they surrender their ILG and surveyed 550 hectares of land. They formed a trust and partnered with this company and the company is now developing a brand new township in partnership with the landowners. The landowners get all the proceeds which are protected by a trust so their children can benefit. There won't be anybody trying to take over their land rights. That is for 99-year lease. So, the 99-years lease gives them the right to go to the bank and they can now develop with proper partners and protect their inheritance as rightful landowners. The lands Department is trying to create similar projects to rollout in other provinces but we need the corporation of the landowners.

A lot of people blame the Lands Department for customary land issues. The department does not own your land, you are the land owner, when you sell your land you do it on your own terms.

09/05

You went on your own volition, got K5 and sold your land. So, landowners, you must be very, very clear on this. Protect your land. Come and see us at the Lands Department, liaise with your provincial government, liaise with your Members of Parliament and come and let us advise you on how best we can pursue your interest to protect your land.

You go and sell your land for K5 000, K10 000 and K20 000 and then come and blame the Lands Department saying that we made you sell your land. It is your land, we did not sell your land. So, these things have to be very clear. You customary land owners are the rightful owners. We only help facilitate it when you convert it to alienated land.

So, I hope that clarifies a lot of questions on the Floor of Parliament and Papua New Guinea.

Thank you.

Mr JOHN KAUPA – Thank you Mr Speaker. I wish to ask a question to the Minister for Commerce and Industry.

My question is simple but the Ministry has been jumping from one Member to another and no one implemented the policy.

My question is; we are training our women in SME and Micro SME in the country under a national government policy to assist small people to become involved in the economic sector, to make them become business men and women and to allow us to really take Papua New Guinea back.

My question is easy, it is like this. While we are training women in SME we find that some businesses which are restricted to our people is being taken over by Asians and other nationalities. This is evident at Eight Mile, Nine Mile and even around the Six Mile area. That might also be happening in the other 22 provinces.

When will the law on SME regarding reserved employment and reserved businesses be enacted by the Minister and his team to protect our people who wish to embark on these ventures. As we can see, foreigners are encroaching into settlements nowadays.

We must come to a crossroad and say it's about time we must make a policy that will protect our citizens. This law must be in place by now. It is a clear question and I want to ask

the Deputy Prime Minister and Minister for Commerce and Industry to answer because SME rollout is continuing.

Mr SAM BASIL – Thank you, Mr Speaker and I wish to thank the Member for Moresby North-East who raised concerns about my department on a hot topic that almost the whole country and the Parliament is concerned about.

Mr Speaker before I answer the question I would like to commend the previous ministers who served the department that I am now with for their positive contributions in taking heed of the cries of the people and seeking Parliamentary approval to protect cottage industries and our SMEs. They are already in Parliament and I wish to inform Parliament that the department is going through them again.

We find that there will be some flaws with the amendments and have withdrawn them. We are working closely with the First Legislative Counsel to bring them in again in the near future.

We are happy to say that the Reserved Activity list will be given to the Prime Minister to announce on September 16 to our country men and women.

Some on the things that we are looking at when we withdrew the legislation is that I will single out trade store ownership where tucker shops in district and provinces are being taken over by foreigners.

10/05

They come inside set up in the districts and provinces and run their small empires and set up distribution centres to support each other to venture further into other areas.

This is why our own citizens feel that we have let them down as a Government through the systems of Foreign Affairs, Internal Revenue Commission, and so on.

Mr Speaker, therefore, we are now considering how we can take back these businesses. The Government will have to make a decision as to the policies we can implement to allow many of these small businesses, especially trade stores and tucker boxes to be run by our people.

We can allow a timeframe of 12 to 24 months but if some Papua New Guineans are not prepared to take over a business, the Government needs to accommodate this through the SME funds for next year if this exercise comes into force.

Mr Speaker, to take these businesses back will mean we have to buy them back and give them to our people who are located in the vicinity of those business. The priority will be given

to those people. However, we need to be very careful when we translate these changes because we don't want to create confusion and problems amongst the people.

We are not only talking about trade stores but also security businesses. A list of all these businesses will be given to the Prime Minister who in turn will make the announcement next month.

Mr Speaker, the Member's questions are very important and the issue is being considered, therefore, I will not say more. However, I assure him that we will bring it to the floor very soon so the Prime Minister can make the announcement so we can move forward to make sure we protect those businesses for Papua New Guineans.

Ruling by the Chair

Mr BELDEN NAMAHAH – Mr Speaker, my questions are directed to the Prime Minister. But before I proceed, I wish to state a very serious concern.

Mr Speaker, I was really shocked by the Chair's ruling, last week, stating that you will not allow members of Parliament who have asked questions on the previous Sitting day to ask questions again the next Sitting day.

Mr Speaker, I believe that your ruling is unparliamentary. Although it is the Chair's discretion to recognise whosoever to ask questions but to make a ruling to that effect is setting a very bad precedence. For instance, the Opposition might only have four members -

Mr Bryan Kramer – Point of Order! The Opposition Leader should have primarily raised that issue or asked the question to the Chair, rather than standing to raise a question to another. If he wants to ask a question to the Chair, he must seek leave to do so. Otherwise, he should just ask his question to the Prime Minister.

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

Honourable Opposition Leader, you may go ahead and raise your grievances to the Chair.

Mr BELDEN NAMAHAH – Mr Speaker, my concern is; if there were only four members in the Opposition and all of them asked a question in the previous Sitting day, the Opposition would sit without a voice in Parliament on the next Sitting day. I am basically saying you cannot limit our right to ask questions the next day; that is wrong. It is unparliamentary and unconstitutional.

Thank you, Mr Speaker.

Mr SPEAKER – Honourable Opposition Leader, before I ask you to proceed with your questions, the Chair will clarify its ruling from last week.

The ruling was made in the context that many Members of Parliament want to raise questions. So, in fairness, the Chair has the discretion to recognise whoever it chooses. It does not mean the Chair will not call upon those who asked questions the previous day. If it were so, I would not have called upon you, Opposition Leader, to raise questions today.

11/05

If this was the Ruling of the Chair then I will not allow you to ask the same question again. I have observed and noticed that a lot of members stand up many times to ask questions but when I do not choose them, they complain about being overlooked.

Last week a honourable Member sent me a text message complaining that he stood up many times but I overlooked him and chose other members. His text messaging assumed that I had personal opinions about him asking his questions. With this in mind, I am trying my best to be fair and give equal opportunities for you all.

Honourable Members, here in the Chamber, the Chair will not and does not make preferences depending on whether in you are in the Opposition or Government to ask your questions. The Chair will always be neutral in recognising everyone as Members of Parliament and give everyone equal opportunities to ask their questions. The position of the Chair will always be fair for everyone.

I now ask the Honourable Leader of the Opposition to ask your questions to the Prime Minister.

Covid-19 Vaccination Policy

Mr BELDEN NAMAHA – Thank you, Mr Speaker. I ask you to go Hansard and see the statement you made. You will know that your ruling is with regard to repeating a question that was previously asked.

Mr Speaker, my questions to the Prime Minister is in regard to the following; On Wednesday last week when I asked questions relating to the vaccination, the Prime Minister never clearly informed this Parliament as to the Government's policy decision on the vaccination rollout. I am getting a lot of complaints from people throughout the country. The

rights, freedom and welfare of our citizens have been suppressed by companies operating in our country.

Mr Speaker, two mining companies in Lae are offering K75 to sub-contractors, K100 to employees to get vaccinated -

Mr Jelta Wong – Point of Order! Mr Speaker, can I clarify to the Opposition Leader that all vaccinations that we send out are free from this Government. We have never charged anybody. We don't even give it out to any company. It is done by the National Department of Health.

Mr BELDEN NAMAHA – I think the Minister for Health is confused. I wasn't talking about the price of the vaccine. I am saying here that there are companies imposing laws on our people who are employees. These people are losing jobs, their rights, freedom and their welfare is being affected. Can the Health Minister listen to the questions first before jumping up and down in his chair like his friend from Madang?

Mr Speaker, last week Wednesday during Questions Time, the Prime Minister made a decision for our country and it is very sad when he is not fully aware of our situation. I quote "vaccine is compulsory but companies are at liberty to protect their business and welfare"

My questions are as follows: -

Mr Allan Bird – Point of Order! Mr Speaker, I think if you read the *Hansard*, the Prime Minister said that vaccination is not compulsory. The Opposition Leader said it is compulsory.

Mr BELDEN NAMAHA – Thank you, my governor, for correcting me. I meant to say, vaccination is not compulsory but companies are at liberty –

Dr Allan Marat – It's the slip of the tongue!

Mr BELDEN NAMAHA – But companies are at liberty to protect their businesses and welfare. My Speaker my questions is:

Whose interest are we protecting? Are we protecting the interest, freedom and the welfare of our people or are we representing the interest of companies operating in our country?

12/05

Therefore, my questions are as follows;

(1) Can the Prime Minister clearly inform the people of this country on this Floor of Parliament, whose interest, rights, freedoms and welfare do we represent?

(2) Can the Prime Minister explain to us clearly what is his government's policy is on vaccination? You cannot state that vaccination is not compulsory then state that companies are at liberty because you are leaving the doors open for abuse. We should not have two sets of laws; one to serve business interests and the other to serve the people.

Mr SPEAKER – There are two points of order so I will entertain the Prime Minister's Point of Order first.

Mr James Marape – Point of Order! Thank you, Mr Speaker. The very learned Opposition Leader should get to the question. He is in the Opposition and I am in the Government and I do not take advice from him. So, just ask your question.

Mr Richard Masere – Point of Order! Mr Speaker, I just want to clarify that companies do have policies. So, I do not see any purpose for us to be discussing their policies here on the Floor of Parliament. Why is it that when companies impose policies on chewing buai and smoking it is not discussed? They are trying to enforce a law within their company that not only protects the employees but the customers as well. It is important they protect static employees against lawsuits.

While, the good Opposition Leader, is trying raise a question on this Floor, he also must understand that businesses need to thrive in this environment that we are in and they need to protect their employees and customers.

Thank you.

Mr SPEAKER – Honourable, Opposition Leader, ask your question.

Mr BELDEN NAMAHA – Thank you, Mr Speaker. Under whose jurisdiction do these companies operate?

We make laws here in this Parliament for companies to comply with to protect the interest, welfare and freedoms of our people. I am not trying to advise the Prime Minister but I am only asking him to make a clear decision.

(3) Can the Prime Minister inform the Parliament, when his Government will table the Audit Report on Covid-19 Funds?

The Treasurer's Financial Statement is not an audit report so Parliament demands an audit report on the K5.7 million.

(4) Has the Government through the Pandemic Office set up a 24 hotline for our people who are experiencing side effect symptoms after being vaccinated?

(5) Is the Prime Minister aware of the number of citizens experiencing negative Covid-19 symptoms and does the Government have a data count for it?

Thank you, Mr Speaker.

Mr JAMES MARAPE – Thank you, Mr Speaker and the Opposition Leader for asking these important questions. When the opposition ask questions like these, it is healthy that we clear out issues for the country to understand our stance.

In reference to the question on the Covid-19 Policy on vaccination, the policy is already in place and vaccination is not compulsory.

13/05

That is the fundamental foundation policy of the vaccination program but the responsibility of the government is to make vaccines available throughout the country, knowing that a Covid-19 is the real threat because we experienced a few deaths in Parliament; one was a member and the other a staff of Parliament.

When we look at the number of deaths in our own country as well as right across the planet earth, Covid-19 is a real threat. So, it will be irresponsible of us to make vaccines available for only those who ought to be vaccinated.

So, I am clarifying to the Opposition Leader and the country that vaccination is now available. We have four different types of vaccines approved by WHO which are now available in our country. If, anyone needs vaccines, the hospital closest to you has vaccines available.

Going back to his fourth question regarding the hotline number, it has been functional in the National Covid-19 Center, since we had established Covid-19 Response on the March, 2020.

The hotline number is functional and operational for people who are infected with Covid-19 or suspect case of Covid-19 and any other related issues to Covid-19, it has been functioning since last year.

So, the vaccine policy remains clear and it's a voluntary. It's not our doing and we are respecting our people's rights. Those who do not want to be vaccinated that's fine but the vaccine is available for people who want it.

Mr Speaker, I also want to inform Parliament and the country that our human right is fundamental but we must also know respect the rights of other people as well. Other people also have rights and are operating in the same space from flying together or in our working environment and walking around in public spaces. They have the right to be protected from Covid-19.

If they decide to get vaccinated like I did and, I have the right to wear a mask if my colleague member hasn't been vaccinated because he might pass Covid-19 to me. I respect his rights if he doesn't want to be vaccinated. The policy is very clear and we are not telling everybody that it is a compulsory vaccination. We are respecting the rights of every citizens to decide whether to get vaccinated or not.

Mr Speaker, coming back to the work place, we understand that they need to be function and different employers have the right to their work place; for instance, work place safety not only for Covid-19 but other illness as well. The mine has safety policies. You have to follow the requirement of the company.

Mr Speaker, it comes in that context of responsibility of any work place to decide what is best, we are passing it back to them.

Mr Speaker, it is not something to hide and I understand fully as the first Prime Minister to subscribe for the rights of our people, but that right is a qualified right and comes with responsibility.

Mr Belden Namah – Point of Order! Mr Speaker, my concern is that the companies are imposing compulsory vaccination.

What is your government's position on companies who are imposing compulsory vaccination? They are imposing compulsory vaccination and that's the point. This is against the right to freedom.

Mr Wera Mori – Point of Order! Mr Speaker, with due respect to the Leader of the Opposition, if he listened carefully, the Prime Minister adequately answered the question.

In any mine setting, I have been in the industry over two and half decades, mine safety takes precedence over any factors. So, the Prime Minister answered the honourable Leader of

Opposition adequately. When it comes to mine safety, no one in his right frame of mind including the Queen of England will compromise mine safety during operation.

Thank you, Mr Speaker.

14/05

Mr JAMES MARAPE – Mr Speaker, I would like to put this questions and answers to a close.

Fiji for instance, they have compulsively vaccinated everyone unlike us, but only for all companies. They all operate under the *Company Act*. The companies also under the *Operational Health and Safety Act* within their rights decided what was right for their company's safety.

Mr Speaker, a member asked for DSIP, another member said you are responsible in shutting down boarders and another Member said, to reopen the boarders again.

Mr Speaker, the Opposition leader is running from North Pole to South Pole and all over the place, he has not been steady in his life.

(Laughter in the Chamber)

Mr SPEAKER – Opposition Leader, question time has lapsed already.

The Chair will now use its discretion to close the question without notice, Mr Prime Minister.

Mr Belden Namah – Point of Order! I never asked for the boarders to be opened; that is a complete lie!

Mr SPEAKER – Mr Prime Minister, your statement.

Mr JAMES MARAPE – When we ask for money to fund districts and provinces to keep the services running, we need our economy to be functional so find the fine balance within safety of our country and our people as well as keeping the economy running.

Mr Speaker, in this context, this government will not impose rules on the companies in our country if compulsory vaccination allows them to remain open. They must operate in a safe work place and environment. If they make their call for their employees to have vaccination, then we have no control at that localised work place.

I am clarifying myself on the questions asked so that the everyone is aware that the Government stated that this vaccination is not compulsory but companies for their own safety chose who gets vaccinated. I would like to thank everyone right across this country for your positive response.

I want the Opposition Leader to be responsible and write to the Government and the National Control Centre to explain which company has breached the *Pandemic Act* that we are now operating under. We now must take responsibility in protecting our country from explosion of Covid-19 and at the same time keep our economy functional.

At the work place, companies make their own call if the work place is covid-sensitive and within their covid protocol.

For the audit report I want to give assurance to the Opposition Leader that the team will work on the report and present it in the September sitting of Parliament. That report on all the expenditures on the National Control Centre.

When the Treasurer mentioned the K5.7 billion last week, he did not state the exact Governments intervention in ensuring our Budgets for 2020 and 2021 has sufficiency in financial support to keep our country running. If you read it clearly, it embraced the total interventions the government made during the Covid-19 pandemic. As far as the expenditures on the National Control Centre, the Health Minister will make his statement next but a full report will be ready in September to be tabled in Parliament for your views on what has happened as far as financial expenditures is concerned at the National Control Centre.

Lastly, regarding the hotline, the hotline number is open so please test calling the hotline covid-19 centre today. Anyone with a Covid-19 issue, the hotline still remains open.

Thank you, Mr Speaker.

15/05

**ACKNOWLEDGEMENT OF VISITORS (Esa'ala Open Electorate) –
STATEMENT BY THE SPEAKER**

Mr SPEAKER – Honorable Members, I would like to inform Parliament that we have visitors from Esa'ala Open Electorate, who are now in the Public Gallery. On behalf of the Parliament offer them a warm welcome.

**BROADCASTING OF PARLIAMENTARY PROCEEDINGS –
STATEMENT BY THE SPEAKER**

Mr SPEAKER – Honorable Members our people have the right to know what is happening in the Parliament and this is made possible through the broadcasting of Parliament proceedings. I will call a meeting with the broadcasting committee today. And if it is agreed, we will start broadcasting tomorrow.

**DEPARTMENT OF HEALTH AND HIV/AIDS – STATUS REPORT OF THE
HEALTH SECTOR IN PNG – MINISTERIAL STATEMENT –
MOTION TO TAKE NOTE OF PAPER**

Mr JELTA WONG (Gazelle – Minister for Health & HIV/AIDS) – Mr Speaker, Honorable governors, fellow members and citizens listening and watching this live telecast of this sitting. Today, I am presenting the status report for the health sector in the country.

Let me take this opportunity to thank the government for continuing to have confidence in me as a Minister for Health and HIV/Aids; to lead the Papua New Guinea health sector during these challenging times.

Today I will provide an update on Covid-19 response, financing, vaccine rollout, the new National Health Plan of 2021-2030, the restructure of the National Department of Health and its new corporate plan. And provide status update on the Health workforce, infrastructure development, PHA and the sector performance. It has been a difficult 18 months for this country, preparing for, and managing the Covid-19 to date. We have had a total of 17,774 Covid-19 cases and 192 deaths.

We have been managing Covid-19, through quarantine of international passengers, contact tracing, isolation and updating the public and of course through the vaccination program.

The current strain of concern is the Delta Variant, which we already have in the country. Six cases came from sailors and one was from a hotel quarantine; that has been contained. A nurse in Madang has tested positive for this variant, which is our concern as this suggests that the case may have been picked through the border transmission within Indonesia. Contact tracing is underway to determine if the Delta Variant has spread.

Mr Speaker, our priority is to work with provinces to ensure that they are prepared to manage the Delta Variant. We must protect our front-line workers through training, vaccination and a steady supply of PPEs but vaccine hesitancy in the health work force is a challenge. The implementation of the Niupela Pasin and a mandatory wearing of masks, social distancing and handwashing will contribute to the management of this virus.

Mr Speaker, for the vaccine roll-out, we received our first 8,000 doses of Astra Zeneca vaccines from Australia with the first doses administered to the Prime Minister, myself and other Vaccine Champions on 30 March, 2021. We were also recipients of an additional 10,000 doses from Australia, 132,000 Astra Zeneca doses through COVAX, 146,000 Astra Zeneca doses from New Zealand through COVAX, 226,000 doses of Sinopharm donated by the People's Republic of China and 504,000 doses of Johnson and Johnsons from the United States through COVAX.

16/05

Astra Zeneca doses have been provided to all provinces and we are in the process of rolling out Sinopharm and Johnson and Johnson (J&J) doses on a demand driven basis. Johnson and Johnson will be rolled out in three tranches with border provinces first in the next three weeks, accompanied by an intense communications campaign to encourage greater up-take.

Papua New Guinea now has access to three different vaccines with both Astra Zeneca and Sinopharm, a two-dose regime, and Johnson and Johnson, a one dose regime.

A total of three million doses through COVAX is expected in 2021. This will cover 20 per cent of PNG's eligible population. The priority is now on scaling up advocacy and communication to the public, private companies, local NGOs, churches and communities to encourage vaccine take-up.

Mr Speaker, the number of people vaccinated now stands at one hundred and nine thousand, two hundred and fourteen (109,214). Of that, eighty-eight thousand, nine hundred and seventy-nine people (88,979) have received first doses and twenty thousand, two hundred and thirty-five people (20,235) are fully vaccinated with two doses. There have been 16 cases of adverse side effects with all people fully recovered. It is important our risk communications increase and there is a greater uptake as Astra Zeneca has a shelf-life of six months and Johnson and Johnson around 4.5 months.

Mr Speaker, there has been some concerns raised about blood clots and low platelets in younger people following the first dose of Astra Zeneca. I want to assure this Honourable House that the number of cases presenting with this disorder are around six in every one million

people. This is a very rare disorder and the risk of it occurring to people is incredibly insignificant.

2.2 Covid-19 Financing

Mr Speaker, securing adequate financial resources to manage the Covid-19 pandemic has been a challenge, however, I must commend the Marape-Basil Government for mobilising financial and other resources. Whilst we have been constrained by financial challenges and a reduced workforce, the collaborative efforts and contribution across the government, development partners and the private sector has been invaluable and has supported Papua New Guineas preparedness and response to Covid-19.

Mr Speaker, the health sector has received a total of K1.08 billion to manage Covid-19 to date, with the Government of Papua New Guinea providing K115.6 million and partners including banks providing K906.6 million.

Mr Speaker, much of the partners support was in kind meaning; the money was paid to NGO's like UNOPS, UNICEF and others to purchase respirators, incinerators, PPEs and other medical equipment that was supplied and distributed to the PHAs.

Mr Speaker I want to take this time to thank our partners. We would simply not be in the position we are today without their generosity and help. We have had a huge donation of PPE from Australia, New Zealand, Japan, China, and France.

Mr Speaker we have also secured a range of medical equipment. For example, 470 oxygen concentrators; 27 biosafety cabinets; 10 medical waste incinerators, 40 ICU beds and 40 Zoll transport ventilators, 20 portable patient monitors, new cold chain equipment and 20 defibrillators to name a few items. There are still items in the pipeline, such as mobile x-rays and vehicles to support the vaccine rollout.

17/05

Mr Speaker, in terms of cash, the Health Sector received K115.6 million from the government and development partners contributed K58.6 million totaling K174.2 million. These funds were managed through the Health Sector Improvement Program Trust Account. Included in this is K13.9 million for the Covid-19 Vaccine Roll-out.

The provincial health authorities and Port Moresby General Hospital received a total of K74.3 million while the rest has been paid to support areas such as contact tracing, the call centre, and logistics at the national level. Mr Speaker, of this cash disbursement, a balance of K39.6 million remains in the HSIP Trust Account for vaccination and other Covid-19 activities in 2021. Ten million of these funds are for 15 PHAS and will be released to them upon

completion of their acquittals for previous funds; K9.4 million of DFAT funds for vaccine rollout; K1.25 for NCC activities; K12.9 million for activities indicated in the procurement plan for 2021 and K3.1 million unallocated.

Mr Speaker, now is an opportune time to put in place some infrastructure to assist us in the future. For example, Port Moresby General Hospital will take receipt of an oxygen plant donated by the World Health Organization, but others are needed in Nonga, Lae and Mount Hagen hospitals. I would also recommend we build a national reference laboratory to support our long-term capacity to test and this has been included as a priority in the New National Health Plan.

Mr Speaker, I am not able to report on the funds distributed directly to provincial governments, DDAs and other government departments. I will leave reporting on these funds to ministries, governors and MPs to report accordingly.

3.0 New National Health Plan 2021-2030

Mr Speaker, the new National Health Plan 2021 to 2030 has a mission of 'leaving no one behind'. Today, I am humbled to inform the House that the National Executive Council approved the plan in principle on 14 July 2021.

Mr Speaker, the new National Health Plan focuses on strengthening primary health care and improving access to the rural majority with increased specialist care and greater community participation. It has a resource envelope of K42 billion over the planned period. This is to cover the cost of increasing the workforce from 11,000 people to 25,000 by 2030 and focuses on key infrastructure investment including building new hospitals in Hela, Jiwaka, Central and Gerehu and rebuilding hospitals in Daru, Kimbe, Manus, Mendi and Mount Hagen.

Mr Speaker, as a responsible Government, we are committed to fully support and resource the new National Health Plan from 2022 fiscal year onwards in order to see a paradigm shift in the delivery of health services our people deserve.

Mr Speaker, it is expected the National Health Plan will be finalized shortly so that implementation can commence in 2022.

4.0 Medical Supplies and Distribution

Mr Speaker, timely procurement and distribution of medical supplies to all health facilities is of critical importance, especially as we are managing a pandemic.

Mr Speaker, the funding allocated to medical supplies for 2021 is K119 million. Half of what is actually required.

I have requested for additional funding of K124 million to procure 100 per cent medical kits and the remaining medical supplies required for 2021. In addition to this, my ministry is

trying to manage K32 million in arrears from 2020. We simply can not provide the services needed without medical supplies.

While the system to procure, supply, and distribute medical supplies in PNG has weaknesses and challenges, these are being identified, addressed, and managed within the available resources and capacity of the system.

18/05

My ministry has taken the initiative to set up a steering committee, chaired by the Secretary of Health and including members from each of the central agencies. This committee is designed to review the Public Accounts Committee review into medical supply and distribution recommendations and the Agility Report commissioned to recommend and design an affordable and sustainable medical supplies procurement and distribution system in Papua New Guinea. An NEC submission will be drafted that will make recommendations to fundamentally redesign medical supply procurement and distribution for Government consideration.

Corporate Plan 2021-2023

Mr Speaker, as the first step to implement the new national health plan, my Ministry has developed the Department's Corporate Plan - 2021-2023. The goal of the corporate plan is to institute and strengthen "organizational excellence" in the department and across the sector.

Mr Speaker, the key priority in this corporate plan is to provide effective leadership, advocacy and coordination by first transforming itself in order to provide sound leadership to the health sector.

Re-Structure for NDOH

Mr Speaker, the pandemic has highlighted the strengths and the weaknesses in the health system. The National Health Plan 2021-2030 is key in better positioning Papua New Guinea and focusing on health system strengthening.

My Ministry has undergone a functional review which has made clear the need for changes to its roles and responsibilities as a national agency. The National Department of Health will be adjusting its core functions to focus on national policy, governance and support to each province. The new structure will look to provide health services more efficiently and create important checks and balances. A third wing will be established with a deputy secretary who will concentrate on supporting provinces.

Provincial Health Authority System Strengthening

Mr Speaker, all PHA's have now been established. This has been a major reform to the health sector and an achievement to have "one single health system tasol". The emphasis of this reform is to ensure there is one board of governance, management system, human resources and finances.

Mr Speaker, PHAS are entities of the province and must report to the provincial government on all matters of service delivery and report to Department of Health on matters of national health policies and standards. We must ensure PHAS are funded, guided and supported to deliver health services.

Mr Speaker, I would take this opportunity to remind PHAS of the importance of reporting including on COVID-19 data, annual management reports, Section 114 and Section 119 Reports to the provincial governments and quarterly review reports.

These reports are important as part of evidence; based decision-making process. Health facility development plans and health service delivery plans must be developed and approved by PHAS to guide decision making for better health outcomes.

Health Workforce

Mr Speaker, as I mentioned earlier, there are only 11,000 frontline health workers, which is being depleted by aging and transfers. To address the nursing shortfall, my Ministry has worked with the provincial governments and PHAS to establish new colleges of nursing in Arawa, Kimbe, Wewak and Kundiawa.

Mr Speaker, the new medical school in Madang has graduated 19 new medical students and they are awaiting their resident training schedules. To enable their registration as qualified medical officers, I will be tabling an amendment to the Medical Registration Act of 1980, so that medical and dental graduates of other universities and schools can be registered by the Medical Board. Currently, only the medical graduates of UPNG are allowed by law to be registered as qualified medical practitioners.

19/05

Mr Speaker, my ministry will be liaising with the Department of Higher Education, Research, Science and Technology and Universities to open more health schools and advance the plan to establish the UPNG School of Medicine as the Standalone Health University.

Additionally, as a priority under the new National Health Plan, a negotiation is taking place with the Department of Personnel Management (DPM) to create and fund more health care positions.

Major Health Infrastructure Development

Mr Speaker, nearly all hospitals in the country require some form of infrastructure development as most of them were built years ago.

There is work underway to redevelop or build new infrastructure. Among them is the construction of Enga Hospital; the first 150 beds are expected to be completed by the end of the year. Angau Hospital has been rebuilt with the kind support from the Australian Government; this has included the building of an inpatient unit, TB ward, morgue, family support centre, special nursery care and a children's outpatient department to name a few.

Other developments that are in progress include PMGH Cancer Unit, Boram Hospital redevelopment, and district hospitals in Bulolo, Mutzing, Bogia, Imbonggu, Laiagam and Pomio. Health Centres have been constructed in Mabuduan in South Fly, Kopiago in Hela and a number of Urban Clinics are being developed through the support of the Australian Government in Morobe.

National Health Service Standard Review

Mr Speaker, the Department of Health reviewed the National Health Service Standards in 2021. The revised Standard has been approved by the National Health Board and will serve as a "blueprint" for health service delivery in Papua New Guinea. Under the standards, there is now a six-level health system rather than seven-level health system. What this means is that regional hospitals have been removed and all provincial hospitals will provide specialist services to their provinces.

We now have at; Level 1 - aid posts, Level 2 - community health posts, Level 3 - health centres, Level 4 - district hospitals, Level 5 - provincial hospitals; and Level 6 - Port Moresby General Hospital, national referral and teaching hospital.

2020 Sector Performance Annual Review

Mr Speaker, the health sector monitors achievements against the National Health Plan through the National Health Information System. Under the National Health Plan 2010-2020, 29 Key Health Performance Indicators covering primary and rural health services were monitored. These indicators will be changed under the new National Health Plan 2021-2030 to broaden what is measured. From this information the Sector Performance Annual Report (SPAR) has is developed.

some key results.

The latest SPAR report for 2020 indicates:

- Pneumonia deaths among children under 5 years has declined from 2.87 per cent in 2012 to 2.2 per cent in 2020;

- Severely malnourished children has reduced from 26 per cent in 2012 to 17 per cent in 2020, the number of low-birth weights in facilities has remained at seven per cent;
- Malaria has gone down from 171 per 1000 to 108 per 1000 in 2020;
- HIV positive rate has declined slightly from 1.74 per cent in 2011 to 1.30 per cent in 2020
- Measles vaccination declined from 48.13 per cent in 2012 to 46 per cent in 2020, Pentavalent remaining low at vaccine 46 per cent in 2012 and in 2020 it was still low at 47 per cent in 2020.

20/05

Our routine immunisations rates are low. Our target rate is a coverage of 85 per cent.

- TB cure rate has increased from 68per cent in 2012 to 78 per cent in 2020.
- The life span for PNG has increased from 57 years in 2011 to 65 years in 2020, Infant Mortality Rate reduced from 159/1000 to 49/1000 by 2020 and Maternal Mortality Rate declined from 733 in 2006 to 171 per 100 000 births in 2020.

Mr Speaker, these statistics show that we have improved in some areas however, these results may change in 2021 based on the impact of the Covid-19 pandemic. It has been a difficult 18 months for health during a pandemic. I hope that this report shows that whilst our focus has largely been on preparing for and managing Covid-19, we still had some major achievements and will continue to do so.

Yumi mas go yet!

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

That the Parliament take note of the paper and the debate be made an order of the day for subsequent sitting.

Debate adjourned.

MOTOR VEHICLE (THIRD PARTY INSURANCE) (AMENDMENT) BILL 2021

First Reading

Bill presented by **Mr William Duma** and read a first time.

Second Reading

Leave granted to move the Second Reading forthwith.

21/05

Mr WILLIAM DUMA (Hagen – Minister for State Enterprises) – I move –

That the Bill be now read a second time.

Motor vehicle owners all across Papua New Guinea. MVIL's enabling legislations are the *Motor Vehicles (Third Party) Insurance Act* and *Motor Vehicles (Third Party) Insurance Basic Protection Act*. MVIL also performs a delegated function by way of collecting motor vehicle registration fees on behalf of all Provincial Governments except for Milne Bay Provincial Government and Morobe Provincial Government and remits the motor vehicle registration fees back to the respective Provincial Governments on a monthly basis.

Mr Speaker, State over the years, has missed out on millions of kina in revenue from Compulsory Third Party (CTP) Insurance and Registration Income due to existing legislative provisions that restrict the collection of same from motor vehicles, machineries and equipment being operated by extractive, logging and agriculture industries. The existing legislation states clearly that CTP and registration enforcements are mandatorily regulated on public roads only. Businesses in the extractive, logging, agriculture and construction industries are assumed to operate in confined areas with machineries and equipment, operated by people on private property.

This is due to the fact that the current legislative framework of the *Motor Vehicle (Third Party) Insurance Act, Chapter (295)* discriminates motor vehicles into two categories; first, motor vehicles which operate on public roads, and second, motor vehicles which operate on private roads.

Mr. Speaker, another legislation regulating the CET Insurance aspect of the motor vehicles industry which has been identified as discriminatory and must be removed by way of an amendment, is a provision under the existing *Motor Vehicles (Third Party) Insurance Basic Protection Compensation Act*.

Section 18 of the *Motor Vehicles (Third Party) Insurance Basic Protection Compensation Act* discriminates between dependents of males and females who die as a result of a motor vehicle accident. Currently, the legislation allows that dependents of deceased males

who die as a result of a motor vehicle accident can claim K5,000 while dependents of deceased females or a minor who die as a result of a motor vehicle accident can claim K2,500.

The amendments are proposed to achieve a sense of visibility and oversight on all motor vehicles on all roads in PNG, so as to restore order and control including the removal of discriminatory nature of the Act.

These proposed amendments are intended to benefit all motor vehicle users, drivers and owners in both the private and the public sectors. the regular pedestrians or street users, including the regulatory company, MVIL, by;

(a) Expanding the scope of the definition of "motor vehicles" under the *Motor Vehicle (Third Party) Insurance Act* to include motor vehicles which have not been previously captured under the current definition of the term "motor vehicles" under the *Motor Vehicles Third Party Insurance Act*. These vehicles include development machinery, equipment by investors in all sectors such as the extractive, agricultural, logging and construction sectors, amongst others;

(b) Expanding the scope of the definition of the term "streets" under the *Motor Vehicles Third Party Insurance Act*, to include streets in private roads which do not fall within the jurisdiction of the *Motor Vehicle (Third Party) Insurance Act*

(c) Expanding the scope of the *Motor Vehicles (Third Party) Insurance Act* to allow for a one of Compulsory Third Party Insurance ("CTP") policy and cover for all motor vehicles, their drivers and owners, including the passengers and the pedestrians who travel on and/or access the streets of PNG on roads built on both private and public land and;

(d) Restricting the scope of the *Motor Vehicles (Third Party) Insurance Act* to allow only registered CTP Insurance policy holders to be covered, in motor vehicle related accidents and deaths involving third parties. This ensures that owners of unregistered motor vehicles do not benefit from the CTP Insurance cover.

22/05

Mr Speaker, given the situation described above, the Ministry of State Enterprises with all stakeholders have reviewed the *Motor Vehicles (Third Party Insurance) Act* and *Motor Vehicles (Third Party Insurance) (Basic Protection Compensation) Act*.

The proposed amendments will increase revenue for the State while at the same time removing inconsistent practices by ensuring fairness in compensation payments for dependents of deceased persons (male, female and minors alike) who die as a result of motor vehicles accidents.

Mr Speaker, I will now give an overview of the changes that are proposed in the Bills: 1. Amendment to *section 1 of the Motor Vehicles (Third Party Insurance) Act*

The current definition of motor vehicles' in Section I does not capture machineries and equipment used in extractive, logging and agriculture sites. By expanding the scope of definition of "motor vehicles". those vehicles and machineries used on extractive sites that were previously not captured under the old definition, will now be captured and MVIL will be able to collect registration and compulsory third-party fees from vehicles used in extractive, logging and agriculture sites.

2. Amendment to *section 1 of the Motor Vehicles (Third Party Insurance) Act*

The current definition of "streets" in Section I does not capture private roads or roads used in extractive, logging and agriculture sites. By expanding the scope of the definition of the term "streets" to include streets in private roads or extractive, logging and agriculture sites which previously did not fall within the jurisdiction of the *Motor Vehicles (Third Party Insurance) Act*.

3. Amendment to section 54(1) of the *Motor Vehicles (Third Party Insurance) Act*

Currently, MVIL is liable for settling claims to claimants involved in motor vehicles accidents involving unregistered vehicles and vehicles involved in hit and run accidents. By deleting section 54(1) (b) & (c), MVIL will only be liable for accidents involving registered motor vehicles and not unregistered motor vehicles.

4. Amendment to Section 18 of the *Motor Vehicles (Third Party Insurance) (Basic Protection Compensation) Act* currently, MVIL pays basic protection compensation to dependents of deceased who die as a result of motor vehicle accidents. Under the current legislation, MVIL pays K5, 000 to the dependents of the deceased if the deceased is a male and K2,500 to the dependents of the deceased if the deceased is a female or a minor.

By introducing a new section 18, MVIL will pay the sum of K 10,000 to dependents of a deceased person who dies as a result of a motor vehicle accident, regardless of whether the deceased person is a male, female or minor.

Mr Speaker, The decision of this House to pass the Bills for amendments to *Motor Vehicles (Third Party Insurance) Act* and *Motor Vehicles (Third Party Insurance) (Basic Protection Compensation) Act* will assist to usher in more revenue for the State, correct the inconsistent practices and restore fairness in terms of compensation payments to dependents of deceased persons who die as a result of motor vehicle accidents. These are important bills and I take this opportunity to call upon the members of this House to support these Bills.

Mr Speaker, I present the amendment Bills to the National Parliament.

Mr DAVIS STEVEN (Esa'ala) – Thank you, Mr Speaker. Firstly, I want to commend the honourable Minister for bringing this long overdue reform in the area of the Motor Vehicle Insurance and how it works in our country.

Whilst, this law is being amended so as to secure the national governments revenue envelope, this law must also be realistic in terms of its application and how it protects our people. I say these because in the statement given by the minister, we are now expanding the scope of this law to include operations in rural areas, where extractive industry and logging is concerned

23/05

Mr Speaker, my concern on behalf of the people especially in rural areas, is in terms of the time limits involved in bringing claims. In Esa'ala for instance, when there is an accident; just to get to the hospitals where they require attention is one issue. Most of our village people will not be in a position to know their rights about when to lodge these claims.

What the Ministerial Statement does not tell us is that, there is a time frame which our people are expected to lodge a claim after which those claims are timed bad.

I would urge upon the Honourable House to consider the plight of our people in rural communities. After so long in the hospitals; when they come out and their first challenge is to go back home. It causes them a lot of inconvenience, time, money and sometimes to get police accident reports.

Being realistic about marine-time provinces like your own province Mr Speaker and my province, often times just to produce the police accident report which is an important requirement for a claim, it takes forever. Because these accidents occur out in the rural areas; remote locations.

One of my concern is about the medical reports, Mr Speaker. So, these are practical issues that I believe that the Minister and his team will need to look into.

Secondly, I wish to comment upon the amendment that now seeks to remove liability, in respect to unregistered vehicles. So, I see a policy here where we are trying to protect the MVIL but, what about the man on the street? The innocent user of our roads. Because up until now, it is not for the citizen, the individual, the mother or the innocent user of the public roads. The law does not put the burden on the innocent user of the road to prove the proof, of whether liability should go or not. Because the user has had an accident; a responsible government, a responsible State says no matter whether the vehicle is registered or not you will still be compensated.

That is the position of law that we are now changing. So yes, in this attempt we are now securing the MVIL and the States revenues I ask honourable leaders, what about the man on the streets? That question could be answered by MVIL producing a special fund or coming with an initiative with the government, so that one way or another, we support claims of little people who are often involved and victimized by hit and runs incident by virtue of un-registered vehicles.

Mr Speaker, those are comments, thank you.

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 August 2021, was announced recommending the imposition of fees insofar as the Bill relates to and provides for such impositions.

Third Reading

Leave granted to move the Third Reading forthwith.

Motion (by **Mr William Duma**) proposed –

That the Bill be now read a third time.

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

24/05

Motion – That the question be now read a third time – put.

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

25/05

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

AYES – 73

NOES – 7

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

Bill read a third time.

**MOTOR VEHICLE (THIRD PARTY INSURANCE) (BASIC PROTECTION
COMPENSATION) (AMENDMENT) BILL 2021**

First Reading

Bill presented by **Mr William Duma** and read a first time.

Second Reading

Leave granted to move the second reading forthwith.

Mr WILLIAM DUMA (Hagen – Minister for State Enterprises) – I move –

That the Bill be now read a second time.

Mr Speaker, I made my speech to the Parliament earlier. It combined the background information for two bills.

26/05

However, I must highlight here that the Government's intention through the amendments allow the payment of K10 000 on a no-fault or no-liability basis to anyone who is involved or

suffers in a motor vehicle accident whether, through the use of an insured or uninsured vehicle ensures that there is peace and stability immediately when an accident occurs.

Mr Speaker, any responsible government is not a benevolent government so it cannot protect and indemnify those who break laws. It is a law that enforces that you can only drive and insured vehicle. If anyone wants to drive an uninsured vehicle than he exposes him or herself to the full extent of liabilities which this government or any responsible government cannot afford to be a benevolent government where it protects, indemnifies and covers those who deliberately disobey laws.

Thank you, Mr Speaker.

Motion – That the question be now put – agreed to

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

Bill be read a second time

Message from the Governor-General

A message from His Excellency, the Governor-General dated 11 August, 2021 was announced recommending the imposition of fees insofar as Bill relates to and provides for such impositions.

Third Reading

Leave granted to move the third reading forthwith

Motion (by **Mr William Duma**) proposed –

That the Bill be now read a third time.

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

27/05

(Voting in progress)

28/05

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

AYES – 74

NOES – 7

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

Bill read a third time.

MOTION BY LEAVE

MR RAINBO PAITA (Finchhafen – Minister for Finance) – I ask leave of the Parliament to move a motion with 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 No. 242 being called on forthwith.

KUMUL CONSOLIDATED HOLDINGS (AMENDMENT) BILL 2021

First Reading

Bill presented by **Mr William Duma** and read a first time.

29/05

Second Reading

Leave granted to move the Second Reading forthwith.

Mr WILLIAM DUMA (Hagen – Minister for State Enterprises) – I move –
That the Bill be now read a second time.

Mr Deputy Speaker, I present to this Parliament a Bill to amend the Kumul Consolidated Holdings Act 2002. The proposed amendments will achieve two things. Firstly, it will restore the capabilities for monitoring, accountability and governance across the Majority State-Owned Enterprises (MSOE's). Secondly it is in line with the ADB Aide Memoire and reflects the state SOE Ownership and Reform Policy.

Mr Deputy Speaker, Members of this House are aware of the challenges and criticism the Government has faced over the various transactions involving our Majority State Owned Enterprises. The previous amendments, particularly the 2015 amendments to the KCH Act contributed to those challenges in the following ways;

(a) it made changes to the eligibility and appointment process of the Directors of KCH and SOE Boards.

(b) The changes also affected the MSOE annuals plans, the expenditure limits, removed section 46B requirements and also removed KCH's powers to issue policy directives to the MSOE's and enforcing those directives.

(c) These amendments affected the governance mechanisms and procedures of KCH and the MSOE's to the extent that it rendered them susceptible to poor commercial decision.

(d) It took away the requirement to set achievable plans by KCH and MSOE's, and to hold each one accountable to that plan and maintain a process of transparency and due process in contracting third parties.

(e) KCH and the NEC lost the powers to penalise non-compliant behavior of the Boards of the MSOE's, as a result we have the current conflicts, commercially unfavorable transactions and lack of planning.

(f) During this period most of our MSOE's operated without an approved Annual Plan until the 2016 Amendments became effective when KCH was able to perform its monitoring and accountability role again. Furthermore, there are no provisions in the Act to hold the MSOE Boards responsible for these kinds of non-compliant behavior.

(g) Ambiguity in the drafting of the 2015 amendment also resulted in inconsistent practices in the appointment of the CEO's. This resulted in some MSOE's appointing Managing Directors and others maintaining CEO's, creating confusion in relation to their performance outcomes and process of setting remuneration.

Mr Deputy Speaker, in order to rectify these, the *Kumul/ Consolidated Holdings Act 2002 (KCH Act)* was reviewed in 2018 and various amendments were proposed. The intent was to correct the inconsistent practices and to restore accountability, transparency and effective corporate governance within KCH and the MSOE's. Following the change in Government, Prime Minister James Marape issued a directive to all Government Agencies, Statutory Authorities and SOE's to outline their plans to support the Government's development agenda. In line with that directive, the Ministry of State Enterprise developed an SOE Reform Blue Print. This document formed the basis on which the Ministry began the negotiations for refinancing and budget support with development partners

30/05

SOE Reform Blue Print.

This document formed the basis on which the Ministry began the negotiations for refinancing and budget support with development partners including the Asian Development Bank. This was tied to the progress of this reform program. To achieve this, the Ministry of State Enterprises developed a five- point plan.

Mr Speaker, the five-point plan was converted into an SOE Reform Policy Matrix that the Cabinet approved on the 30 October 2019.

The ADB has adopted this policy matrix and indicated that funding in any policy loan would be made available in tranches tied to the achievement of the key milestones set out in the policy matrix.

Mr Speaker, one of those key milestones is the amendment to the *KCH Act* in line with the SOE Ownership and Reform Policy, which the Cabinet also approved on 22 April 2020 (NEC Decision No.104/2020).

The amendments to the *KCH Act* are therefore a major component that will drive this SOE reform program. As a result, the review of the *KCH Act* had to accommodate the broader SOE reform and additional changes had to be made to facilitate the reform agenda.

Mr Speaker, these additional changes were made to reflect SOE Ownership and Reform Policy, including (among others), the following;

- (a) separating political and commercial decision-making through defining the roles of ministers, SOE boards and management;
- (b) focusing the role of KCH on monitoring SOE performance;
- (c) improving transparency through the timely preparation and public release of statements of corporate objectives and audited annual accounts;
- (d) establishing a transparent, skills-based process for SOE director selection and appointment (supporting the goal of having at least one woman on the board of each SOE);
- (e) requiring community service obligations to be identified and costed as part of the corporate planning process; and
- (f) addressing the backlog of accounts with the Auditor General.

Mr Speaker, given the situation described above, the Ministry of State Enterprises with all stakeholders have reviewed the *KCH Act*.

The proposed amendments will achieve two things. Firstly, they will restore the capabilities for monitoring, accountability and governance across the MSOE's. Secondly it is in line with the ADB Aide Memoire and reflects the SOE Ownership and Reform Policy.

Mr Speaker, I will now give an overview of the changes that are proposed in the *Bill*

(1) Amendment to Section 3 — KCH Act to prevail over Majority of State-Owned Enterprise (MSOE) Acts

Mr Speaker, within the existing MSOE enabling legislations, there are instances where provisions in those legislations sometimes contradict provisions of the *KCH Act*. A good example is the Directors appointment process and procedure, especially under the *NDB Act* which is directly in conflict with the process under the *KCH Act*.

A new Subsection 1 (A) has been introduced so that in the event of any inconsistency between the *KCH Act* and any *SOE enabling Acts*, the *KCH Act* will prevail to the extent of the inconsistency.

(2) New Section 5 — Application of National Procurement Act

Mr Speaker a new *Section 5* is inserted which will restate the current position that the *National Procurement Act 2018* does not apply to the KCH and MSOE's

Section 4 of the *KCH Act* provides that *Public Finance (Management) Act* does not apply to KCH and MSOE's. That has always been the position since 2007.

Since the *National Procurement Act 2018* applies to all procurement activities by public and statutory bodies, within the meaning of the *Public Finance Management (PFM) Act*, the Act does not apply to KCH and SOE's. The *National Procurement Act* also does not apply to KCH and SOE's.

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The amendment to section 5 only restates the current position.

3. Amendment to Section 6 - Establishment of the Corporation

Mr Speaker, Section 6 will be amended and a new Section 6(a) will be created that will deal with the governance of KCH. This will allow the Minister to give directives in relation to Community Service Obligations.

4. Section 7 - Objectives of the Corporation

Mr Speaker, Section 7 which deals with Objectives of the Corporation will be amended. The amendment will create a connection with MSOE objectives and enables consistency between the general objectives of MSOE's with the objectives of KCH.

The amendment creates a new objective to ensure that both KCH and MSOE maximise its net worth and ensure that it creates value as measured by efficiency, profitability, environmental and social responsibility; operate on strict commercial principles, with full accountability, transparency and independence from political influence or instruction and to pay dividend to the shareholder.

5. Sections 11 & 12 - Directors of KCH and MSOEs

Mr Speaker, sections 11 and 12 dealing with directors of KCH and MSOEs will be amended. The previous amendments allowed the Minister to directly make recommendations to the NEC for the appointment of the directors.

I recommend that this should be changed and that KCH and MSOE directors should be selected through a transparent process designed to provide each board with the skills, experience and attributes necessary to meet their goals as set out in their corporate plans.

In line with the Government's commitment to the economic empowerment of women, qualified women will be encouraged to join the boards of KCH and SOEs.

A new Part IIA and Schedules 3 and 4 will be inserted which will provide for the process and procedures relating to the appointment of KCH and MSOE Directors that will allow the respective Boards to take on that responsibility and inform the Minister of the vacancies and the Minister will recommend to the National Executive Council to appoint Directors from persons notified by the respective Boards.

6. Amendments to Sections 13 - 20

Mr Speaker, sections 13 to 20 dealing with meetings of the board, leave of absence of directors, vacation of office of director, vacancy or defect, duties of directors, disclosure of material interest, avoidance of transactions, remuneration of directors which applied only to directors of KCH will now apply to MSOE directors as well.

7. Section 20- Remuneration of Directors

Mr Speaker, Section 20 will be deleted and replaced with a new Section 20 under which the Minister will approve a Directors Remuneration Policy which will govern the remuneration of all Directors of KCH and MSOE.

An independent consultant will be appointed to facilitate the Board performance review and the level of remuneration may be reviewed as part of the Board evaluation under a new Section 20A.

8. New Section 20A-Evaluation of the Board of the Corporation and Majority State Owned Enterprises.

Mr Speaker, a new Section 20A will be introduced. This will allow the Minister to review the performance of the directors of KCH and MSOE's every two years.

Under this new section, independent consultants will be engaged to facilitate the evaluation of the performance of the Board in relation to the objectives in their Statement of Corporate Objective; the efficiency and effectiveness of its commercial operations; and its compliance with all applicable policies, laws and regulations.

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The performance of each director will be also be reviewed in relation to the contribution of the director to board decisions and discussions; attendance and responsiveness; and compliance with code of conduct and board procedural rules.

9. Part VI - Finance

Mr Speaker, Part VI of the current *KCH Act* dealing with finance will be deleted. This includes sections 33 to 46 which deals with profit and losses, annual plan and dividend distribution, bank accounts and cheques, borrowing powers, lending powers, accounts and records, audit, reports and financial statements and liability to taxation and duties.

In its place a new Part VI headed "Corporate Plan, Community Service Obligations, Finance and Audit of the Corporation" will be inserted. This will be divided into six separate divisions dealing with corporate plan and statement of corporate objectives, ministerial policy proposals and community service obligations, finance and accounts, audit and financial reports, borrowing and lending powers.

10. New Section 33, 46B - Statement of Corporate Objective

Mr Speaker, this new section requires KCH and MSOE's to have, at the start of each financial year, a rolling three-year Statement of Corporate Objectives or SCO dealing with the objectives and business goals and strategies for achieving those objectives and performance targets and other measures by which performance may be assessed in relation to those objectives,

It builds on the provision relating to annual operating plans and as a three-year rolling plan, it gives a three-year cash flow forecast. It also includes a description of any community service obligations and its impact on the forecasted financial outcomes. It will also provide a summary balance sheet and profit and loss statement, forecast of the asset, liability and cash flow positions, statement of the current or anticipated borrowing, capital investments and their proposed procurement method, the proposed dividend distribution, detailing the rationale for any retained earnings. This plan will be made publicly available.

11. New Section 35, 46D - Corporate Plan

Mr Speaker, there will also be a new Sections 35 and 46D that will deal with the corporate plans of both KCH and Majority State Owned Enterprises or MSOEs.

These new sections provide that at the start of each financial year, KCH and MSOE's must have a rolling three-year corporate plan. This corporate plan will provide details of operational strategies to achieve the targets set out in the SCO.

The corporate plans will deal with key financial and non-financial performance targets; forecasted balance sheet, income and cash flow statements, detailing proposed expenditures, borrowings and payment of dividends; forecasted acquisition of assets; proposals for the sale, rehabilitation and restructure of assets; identification and costing of any community service obligations; details of debt financing or refinancing.

Mr Speaker, the corporate plan will also deal with human resource strategy, including workforce restructuring; details of proposed consulting expenditures; identification of key risks to the achievement of performance targets and proposed risk mitigation measures; analysis of market in which it is operating, including assessment of competitive position and industry trends; and details of proposed profit distribution, including dividend distribution and rationale for retained earnings.

12. New Section 36B, 46J - Permitted Expenditure

Mr Speaker, this new section provides that neither KCH nor the MSOE's shall incur any expenditure or acquire or dispose of any assets unless it is in accordance with the corporate plans or such expenditure, acquisition or disposal of assets has been approved by the NEC. It expressly provides that any transaction entered into outside of this approval process shall be void and of no effect.

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13. New Section 37, 38, 46g, 46h — Ministerial Policy Proposals and Community Service Obligations.

Mr Speaker, these new sections allow the Minister to reach an agreement with KCH and MSOE's under which they will perform community service obligations.

It requires the Minister entering into good faith negotiations with either KCH or the MSOE's wherein both parties will agree on measures to be taken to minimize the impact on the efficiency and profitability of KCH and MSOE's.

This agreement will constitute a community service obligation and will be built into the CP and SCO of both KCH and MSOE's.

14. New Section 41, 46K — Accounts and Records.

Mr Speaker, this section is the same as the current Section 43 which applies only to KCH.

New subsections (4), (5) and (6) will be inserted. This will allow MSOE's to be bound by the same provision. It will ensure that both KCH and MSOE's correctly records and explains the transactions and enables the Directors to ensure that the financial statements comply with *Section 43* of this *Act* and are properly audited.

A new addition is that, failure to comply means that every MSOE Director commits an offence and is liable on conviction to a fine not exceeding K1000.00.

15. New Section 42, 46l — Audit.

Mr Speaker, the Bill will also introduce new Section 42 and 46l dealing with Audit.

It will expressly provide that the appointment of the external auditor is to assist the Auditor General in the timely completion of inspection and audit of the accounts. In that regard, the Auditor-General is required to appoint the external auditor for the purpose of achieving the timely completion of the audit.

The external auditor is required to be appointed for three years for the life of the Corporate Plan and Statement of Corporate Objective.

16. New Section 46i — Approvals of Certain Contracts.

Mr Speaker, the Bill will also introduce a new Section 46i dealing with approvals of certain contracts.

This new Section is a replica of the previous Section 46b that was repealed in the 2015 amendment to the KCH Act.

The new general rule will be that an MSOE shall not, except with the approval of the Minister, enter into any contract involving the payment or receipt of an amount, exceeding

The exception is that an MSOE may enter into a contract exceeding but not exceeding if it is contained in the Corporate Plan. Apart from that, any contracts relating to the engagement of lawyers, accountants exceeding must be expressly approved.

It is now expressly provided that any contract entered into by an MSOE in breach of Section 46i shall be void and of no effect.

17. New Section 46p — Directions and Policies.

Mr Speaker, the Bill also introduces a new Section 46p which deals with directions and policies.

In the current Section 46l only the Minister may set policies and give directions to the MSOE's but only with the approval of the NEC. This new section changes that so that KCH will give the directions.

The Minister can still issue policy directives to both KCH and MSOE's in relation to the formulation of the Corporate Plan and the Statement of Corporate Objective and in particular to the Community Service Obligations to be undertaken by both KCH and the MSOE's.

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18. New Section 46Q — Compliance with Directions and Policies.

Mr Speaker, the Bill also introduces a new Section 46Q which provides for Compliance with Directions and Policies.

This was previously Section 463 in the *IPBC Act* that was repealed in 2015.

The power to issue directives to MSOE must be accompanied by KCH having the ability to enforce it in the event that there is failure to comply with such directives. The 2015 amendment removed this enforcement power from KCH.

Since 2015, the directives of the Minister could not be enforced, allowing the MSOE's to often ignore the directions of the Minister with no consequences. It is particularly concerning that none of the MSOE's have lodged their Annual Plans for 2017 and there continues to be no immediate mechanism in place to hold the directors accountable for this non-compliance.

The proposal is to reintroduce Section 46P which will give the Minister the power to remove directors that fail to comply with the directives to meet the requirements for an annual plan, capital expenditures and directions issued by KCH.

19. New Section 46R — Chief Executive Officer.

Mr Speaker, the current Section 12(3) provides for the Managing Director of an MSOE to be one of the directors. This has created ambiguity that has resulted in practice not consistent with best practice standards and confusion in setting performance, remuneration and outcomes for officers at the head of MSOE's.

Section 12 (3) will be deleted and the new Section 46R provides the process for the National Executive Counsel to appoint the Chief Executive Officer. The position and status of the current Managing Directors of MSOE's are catered for by the new Section 46S.

20. Amendment to Section 50 — Vesting and Transfer.

Mr Speaker, Section 50 will be amended by deleting Subsection (7). A new Subsection (7) will be inserted which will seek to protect the assets of the GBT by providing that any actions taken by any other person or authority which purports to have the effect of revoking a vesting of assets in, or to de-vest assets will be void and of no effect.

21. New Schedules 3 and 4 — Process and procedures relating to the appointment of KCH and MSOE Directors.

Mr Speaker, the Bill will introduce new Schedules 3 and 4 which will deal with the process and procedures relating to the appointment of KCH and MSOE directors.

New sections 11 and 12 provide for the directors of KCH and MSOE to be appointed in accordance with the process provided in Schedules 3 and 4.

These new schedules have been inserted to provide a stringent process for screening and appointment of Directors for both KCH and MSOE directors.

Mr Speaker, the decision of this House to pass the Bill for amendments to the KCH Act will assist to restore the capabilities for monitoring, accountability and governance across the

Majority State Owned Enterprises (MSOE's) and set the course for recovery of these State-Owned Enterprises.

This is an important Bill and I take this opportunity to call upon the members of this House to support this Bill. I present the amendment Bill to the National Parliament.

Mr JAMES MARAPE (Tari-Pori – Prime Minister) – Mr Speaker, I firstly rise to give my commendations to the Minister for his wonderful leadership in that sector to ensure that we reform our State-owned enterprises, detach from continuous political influences and input and ensure they are working effectively and efficiently to deliver not just the community service obligation aspect of why they are in existence, but more importantly return dividend to the State and function not just directly as government-owned companies but in a private company mode of operation.

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We need to also ensure they rise to their expectations. Holding directors and boards accountable for their performance and by delivering annual reports to Parliament, the people of our country can have an oversight on what is happening in those State-owned enterprises.

Sadly, in the past, we had many experiences where these companies did not return their annual reports and never got into Parliament for that matter. Such a case is the UBS saga where a state company was used outside the due processes. So, as part of these reforms we are now trying to bring accountability not just at the ministerial level but back to the Parliament, but at the same time allowing them to function not just as government companies but more importantly in a private business manner where the accountability structures are better defined and cleared.

Mr Speaker, let me inform this House, this Bill was not done in isolation from other important stakeholders. As you know in the last two years we received support from ADB, IMF and other international partners. They all assisted the country during the tough times, but with the desire to have the State-owned enterprises reformed to ensure public accountability as well as operating in arm's length of government and politicians. This was part of our government's agenda and I am happy to note although it was delayed in coming, but under Minister Duma it was pushed, therefore, I ask this Honorable House to give support to this Bill so we can ensure our State Enterprises are functioning effectively and efficiently hopefully moving towards profitability whilst at the same time the directors and boards are held accountable to their responsibility.

Thank you, Mr Speaker.

Sir PUKA TEMU (Abau) – Thank you, Minister for State-owned Enterprises for bringing in quite a comprehensive legislative reform of the Kumul Consolidated Holding Authorisation Law.

The Prime Minister was speaking about ‘arm’s length on politics’, in terms of corporate responsibility. I just noticed in Section 4 of the Amendment, if I am not reading it wrongly, the principal Act is amended by inserting immediately up to section for the following new Section 4(b), Application for the *National Procurement Act*, the NPC does not apply to the Corporation, the trust, the MSOE or any other enterprises. At the same time, we are talking about the CEO appointed by the NEC, that the Director has to be appointed through a so-called transparent process with the ‘arm’s length away from appointment,’ and fit and proper persons principles. But somehow the key procurement law of the land, these sections say that it does not apply to any of these SOEs. So, Prime Minister, where are we? There has been a lot of debate on these public entities on whether the *Public Procurement Act* should actually apply and the annual statements to be presented under the law every March that every department, every provincial government and every State entity must through their Minister present their annual statements.

36/05

It is a must that every province, every department and state entity must through their Minister, present their annual statement. But if we are saying that here in *section 4*, the *Public Procurement Act* does not apply to this corporation. Are we asking the Parliament to approve this bill today?

I do not think this is right as far as public funds are concerned. How many times we have SOEs coming through the Minister to the Cabinet asking for government support in terms of funding and giving assurance that, they must come back to Cabinet for certain amounts or to borrow. I have not gone through the whole bill but I am just worried about the particular provision in the *Act*; exempted from the National Public Procurement Legislation.

Mr Speaker, I agree with the rest of the amendments but I think it falls short of arm’s length of political interference. We are still struggling and from knowing the history of SOEs, they have not really performed. I was looking for a chance for the Minister to inform the Parliament of what is the overarching policy of this government on State Owned Enterprises. And we are just coming back to amending certain laws that govern all these SOEs but the overarching policy and the concerns that we all have in the poor performance of the government

to run a business needs to be addressed. We all have that concern and SOEs are not performing because we interfere with the appointment of directors and we do not apply the principles that we are talking about in our Ministerial statements. What is the over-arching principle, are the SOEs going to be completely going to be left that way; like how the Singapore laws are? That state entities are liable and they can be imprisoned, not just paying some hefty fines.

We need to be tougher and make sure that the directors are responsible for the decisions that they make. I am still not well versed with all the amendments but overall, I commend the Minister on his effort to review the legal structure under the then IPBC and now Kumul Consolidated Holdings is performing an unmerited favor to the majority owned SOEs.

My next point is, the chairman of the GBV Parliamentary Committee presented their report last week. And part of that report covered how many seats should women occupy in this Parliament. And I was looking for a section in this amendment to propose by law for example; thirty per cent of the directors of this SOEs should have qualified women. I was looking for an amendment in that manner.

This Parliament by legislation does not allow them to participate and I thought this was one opportunity where we could say; that we provide for a provision in this law, that majority SOE have thirty per cent of its directors made up of qualified women. Why can't we have that, many women are qualified and many women leaders have and are performing very well ahead of their male counter-parts in many instances.

So, this amendment as this time when we are debating about Women's rights and empowerment; this particular legislation falls short in my view.

37/05

Mr Speaker, I do not want to prolong the debate and I think I expressed those key issues, but I am looking for an overall Policy of this Government on SOE's. Whether we fully support SOE's public private partnerships or we have to do IPO's in some of these SOE's and allow individuals or super funds to participate.

I was looking for all those policies, but we are going back to individual SOE amendments in law. Sometimes it is confusing, Mr Speaker, thank you.

Mr POWES PARKOP (National Capital District) – Thank you, Mr Speaker, for giving me this opportunity to speak on this very important agenda.

The State-Owned Enterprise is the pride of our people and our Nation. It has been part of our history and development up to now, but they are in a sad state financially in terms of

management and many issues. It needs us to properly analyse and make decisions about a way forward.

Mr Speaker, I agree with what Sir Puka has shared especially, having an over-arching policy about a way forward. I want to qualify that by saying that I am going to support this amendment and they are very thorough. They are needed at this time, but I want to encourage the Minister to think ahead of the long term so that, we maybe be challenged to bite the bullet and to make tough decisions that needs to be made.

Otherwise, we will keep pretending; tweaking on the side but not solving the problem which will make some of the state-own enterprise continue to fail and become a liability, Mr Speaker. liability to our people and our Nation. Many of them now are liabilities and we need to decide whether we will keep them or set them free.

We must come up with a different type of structure in which it can become profitable. If it cannot make a profit, maybe it has become self-sustaining or at least deliver on the services that they are supposed to deliver.

Otherwise, they are all liabilities where we keep funding them and we are not getting anything back. It is just like a big dark hole.

So, Minister I am supporting you but this should show as a preliminary or a first step towards making some of this tough decision. I believe all the Members here would like a report on the performance of all the SOE's.

Telikom, how is it performing? Does it have a light at the end of the tunnel? First it was monopoly before Digicel started operating. They did not even transform with the changes of the world. They got caught out. Yet we are re-structuring, data taking and doing subsidies; what will happen to Telikom? Does it have any light or do we just keep injecting funds.

The Minister is also aware of PNG Power because I have written to him. I am not trying to hide anything here, Mr Speaker, I am speaking of the facts behind these issues. If you were a financier you just simply ask a simple question; if you own a bank and you approve loans according to their financial status objectively, who do you in your right mind think will give funds to PNG Power?

For myself, this is not rocket science. If I was running a bank, I would not give money to PNG Power because there is no guarantee for them to pay me back. All this time, the Government has been funding PNG Power and nothing has been given back; reliable, affordable power is not issued.

To become profitable, I think it is a pipe dream away. And what is the problem? The problem is with PNG Power itself. How it is managed and structured, it cannot deliver

so why are we pretending here and allocating more funds into PNG Power? Why can't we bite the bullet by making decision to sell 80 percent. In a way we are restructuring it so that it can at least provide reliable services when prices fluctuate rather than no services at all. Even if it's not profitable but at least enough funds are made to sustain itself, so that it doesn't have to feed on public funds every time.

Mr Speaker one example is Papua New Guinea Banking Corporation (PNGBC) before, but when we bite the bullet and released it to Bank South Pacific (BSP) now its profitable. Yes, here we are complaining but its profitable. Some services may be charged higher but the bottom line is that it's making money for the State and is no longer a liability. So why can't we do the same to other State-Owned Enterprise (SOE) rather than keeping them for a longer period.

KCH is one good example of a babysitter. Mr Speaker, MRDC has been babysitting all the landowner companies but are they profitable or not? Here we pretend and allow this babysitter to continue babysitting. When exactly will this baby gain strengthen and grow its legs and arms to either sink or swim? The only success story is the landowner company in Lihir. They decided to pull out of MRDC's babysitting and went on their own. And look at them now their portfolio has broadened and they are investing in Australia, New Zealand, Europe. And they even have the best accountants, managers and lawyers to service them. And not long they will extend to America and rest of Europe because they didn't rely on a babysitter but went on their own.

Members of Cabinet; have you all noticed that or just pretending that everything is alright? Some of these issues are caused by you Members from Cabinet. You are simply not putting the interest of our nation and people first. Or even your own cronies to run the SOEs and they don't manage it properly. And that's a fact. And here the Minister trying to restructure it because these cronies are not thinking of our people and nation. The onus is on current members of Cabinet and even previous ones as well who contributed to this downfall.

That goes to Air Niugini as well. If it's not self-sustaining then let's make a decision now so that it doesn't draw on the public purse. We keep them probably because we think that its flying our identity the bird of paradise. We must make some tough decision and allocate funds to health services and education which is not profitable.

Yet Prime Minister, James Marape seeks Cabinet approval to allocate more funds to refinance or even ask ADB to give funds just for what? Only flying the identity and not making any profit at all. We all must seriously consider this and I fully support Minister 100 percent

because you have come with a total plan and trying your best for some of them can have changes of sustaining themselves.

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With some of them we need to make a decision where we bite the bullet in the head. Our people will support us if we make the tough decisions and drop-off companies. Maybe if we do that then we will surprise ourselves that they will find a real corporate structure or an international practice to make it become profitable and self-sustaining. More to it, if they are service orientated then they will provide the much-needed services.

Currently, they cannot give us the services or be self-sustaining in their operations. When it comes to profits, it is only a dream that is millions of miles away and will probably never eventuate.

Mr Speaker, I support the Minister with this regard but I would suggest that he comes back with a more comprehensive plan. Give us an overarching policy that gives us a way forward that can at least give us air to breath. The companies can also become a real nation builder and help the government to create more employment and more tax for our revenue. This is will be promoting opportunities for our people. For example, in Garuda in Indonesia, they are helping and promoting idea of joint ventures with airlines. The Indonesian Government has allowed its people to go beyond their primary area of business. We can do that here in Papua New Guinea too.

Mr Speaker, we have accountants, lawyers, pilots and not long we will be flying rockets. However, when it comes to business, we are failing everywhere and this is no joke. We are supporting the Prime Minister in allocating the K200 million through our SMEs but what is the guarantee that this money is going to bear fruits? What guarantees our chances of success? Even within the government ranks, when it comes to business our record is very poor. Yet we are still pretending that all is well.

We have everybody operating in their own little circles. For example, we have lawyers operating in their own houses or offices but complain a lot when big international firms come do business here. It is simple. We cannot trust each other therefore we cannot put our resources together and work together. It is the same story in all professions. We keep blaming other people for our own failures. You have big international engineering companies entering our country because our engineers cannot work together. They do not trust each other. They do not want to cooperate, work together and build an entity that can compete against the best in the world.

Mr Speaker, this is our history so we must admit our failures. We are now talking about the government in business but to be honest; it is not an impressive record. Therefore, Mr Minister, I must stress here that we must not pretend. Let us not mark around.

Mr Speaker, I urge you to come back with a comprehensive plan and table it for us to vote for it. Let's do it now so that in the next 50 years we can have a better record.

Mr KERENGA KUA (Sinasina-Yonggamugl – Minister for Petroleum) – Mr Speaker, this presentation by the Minister for State Owned Enterprises represents the first serious effort by any Government to seriously reform the performances of the State-Owned Enterprises. We must commend the efforts that he has made. It is an undisputed fact on both sides on the Floor of Parliament that all the State-Owned Enterprises have not been performing to the level of our expectations and those of our people. Something has to be done about it. We cannot just sit around and talk until the cows come home.

Mr Speaker, I really commend the Minister for making the first comprehensive effort to reform them for better productivity and profitability in a long time. We will support him.

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Mr Speaker, I want to caution all the Members that this effort made by the Minister be a wish list for all of us, it can't satisfy all of us on each and every thing that we want to see contained in this particular Bill. But, on a casual observation it does represent a very comprehensive and substantive effort to deal with the issue. That is a big step forward in itself and we are very happy. We will support him to pass this bill but, in doing so it is important to understand the context of how all of these come about and why we are in a certain space as a government. We need to firstly understand where we came from, secondly where we are now and thirdly where we want to go in the future.

Mr Speaker, when we started at the point of Independence, we never had any State-Owned Enterprises, we never had a State-Owned Company that had P.T.Y Limited at the end, we didn't have them. All the government businesses which were regarded as businesses through which the government was delivering goods and services were operated as state agencies under enabling legislations. At that time, we did not own any company and that journey continued for a while, and along the way someone came up with the idea to move away from that point and start to use companies as a vehicle for delivering those goods and services. Up to that point in time were delivered to state agencies through enabling legislations like PNG Power, Air Niugini and etcetera. All of these state agencies operated under their own legislative

framework and not as companies but now they are all companies Water PNG, PNG Ports etcetera.

The key question now is, “Why did we do that?”, “Why did we move from a statutory agency with an enabling legislation defining their powers and function as that of a community service obligation centred organisation to another vehicle to make money? The vehicle which is under P.T.Y Limited and now just limited? Why did we incorporate companies? Because through successive generations of government it was felt that it could increase our revenue envelop.

So now, we should take those entities which are not meant for profit to profit making agencies so that we can make money. That is the primary reason why we moved away from that arrangement of turning agencies into companies. We wanted to make money, profit and those companies to pay dividends into the consolidated revenue so that we can have money to deal with all the budgeting we do in this Parliament. I want us to understand this very clearly because that is the fundamental reason for us moving away from agencies into profit making vehicles like the companies.

Now, companies are special creatures because they operate under a certain environment. They cannot exist for non-profit motives or purposes and at the same time exist for profit motives, these are non-complementary purposes and they can't co-exist. You have to be clear when you setup a company if you want it to operate for profit or not for profit and if it is not going to be for profit than you might as well just retain its saving. You can only bring it into a company if you are going to use it exclusively and solely for profit making. As I speak, we as a government is not clear on that and a lot of SOE's are confused whether they are for profit or not.

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Are they for community service obligation or are they for profit making; only focus on making money and then, remitting dividend back to the State? That needs a lot of clarity and we need to understand the things we are doing now after having decided that we should start making money using those agencies. Convert them into operating companies, subjecting them to operation under the provision of the *Company Act* to make money pay dividend.

We are still grappling with the issue Should we free them up completely to make money or not. So, some of the steps that minister has proposed in this Bill will help us to move in that direction but we have to go the complete direction to make money. There focus on making

money is not wrong because we have many competing demands for development budget and there are no funds.

We must fix the road of with money and discuss to strengthen those companies, we must all stay focused and on the other hand we are calling for funding whilst the government wants to make money through this sort of arrangement while we are trying to cease full and proper operation of this company.

So, Mr Speaker, these are some of the impediments and one of those is the National Procurement Commission. That's for public agencies it's not for companies. When You put National Procurement Commission adding to those companies and suffocating them. They can't make a decision on the contracts or their needs and requirements in real time. You are engulfing them into the bureaucracy which they walked away already not by their choice but through us the leaders on this Floor of Parliament.

So, there is good sound reasoning behind the Minister now proposing that National Procurement Commission should not be applicable to the operation on the State Own Enterprise. This doesn't leave a vacuum honourable Members there are other laws that ensure that procurements are done properly with accountability in it.

Institutions like the Auditor General must also have no jurisdiction over State Own Enterprise. Why? Is Steamship, Exxon, Total, and all this big companies that we know of subject to the Auditor General? They are not but a still making good profits.

State Own Enterprise is subject to the Auditor General Jurisdiction and if they don't make profit may be this time remove that anchor, take them away from it. The involvement of National Executive Council represents the State and people in this business, But, it's involvement with the operation of SOEs must also be limited. I reckon they should be just three or four clear instances where the NEC become involves;

- (1) The approval of the annual operating plan,
- (2) Receiving the annual report at the end of the year, and
- (3) Approving any investment proposal that exceed 50 per cent of the balance sheet.

Those are the three main ones I can think of otherwise, NEC should stay away from it even endorsing the recommendations of boards members, CEOs and things like that we should

But the proposal done by the Minister does not take us that far but, it brings us close so, what we can do is, we give it ago. We see what happens when we pass the *Acts* and when we apply it see how it goes and if, we draw faith and confidence from it then we go that final step.

Including things like women rep on board member of the SOEs but, Mr Speaker, the last time we tried this back in 9th Parliament. We tried that in respect of Parliamentary seats at that

time we had two lady members here on the Floor of Parliament and we wanted to create preferential. Give some preferential treatment to our women folks in this country in Parliamentary seats.

And guess who were the two most vocal opponent to this proposition, it was these two-lady rep.

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Guess who were the two most vocal opponents to this proposition-it was those two lady representatives. They opposed it and their reason had a lot of merit. They said everybody male or female should come into Parliament on their own merits. Selection should be entirely on merits and yes, we are doing everything to educate, employ and empower our women folk to advance in politics, in the churches and in business. But merit is always the criteria. The women-folk always preferred that through those two ladies we had here on the floor of Parliament. The rational, same argument also applies to ladies, when we are trying to look for them because if we create a quarter for ladies on the board, our hands will be forced. And when there is none qualified available, we still have to meet the quarter and then media critics will creep in. So, it is better when everything goes by merit. Ladies don't want to be treated as exceptional people, they want to be treated just like you and I, so they come into these boards at their own merit. I don't think up to now, we have discriminated any female candidate that has qualified for board positions. We have always given them the respect and appointments on their own merits.

Mr Speaker, I think while considering and debating this particular Bill, we now have to create an opportunity for a group of people to look at all our State-owned Enterprises on whether all of them are qualified to operate purely for profit. If some are more suited to operate for community service functions of the government, they should revert back to agency status. This is because when they carry the name limited and they operate under the *Companies Act* they are confused and they confuse us; we confuse each other and we get nowhere. So, my recommendation to the Minister is to do an overall review of all the State-owned agencies. There are so many now that I cant remember some of them. And those that qualify to operate for profit must be empowered through legislative reforms like this to operate in that space for maximized returns and dividends back to the State. This will enable us to have money to finance our budget and do a lot of good things for our people.

Thank you.

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.

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Third Reading

Leave granted to move the Third Reading forthwith.

Mr WILLIAM DUMA (Hagen — Minister for State Enterprises) — I move —
That the Bill be now read a third time.

Mr Speaker, the Parliament especially did not allow the application of the *Public Services Management Act*, and the *Public Finances Management Act* to apply to the SOEs when IPBC was initially set up in the wisdom of the government of the day. That has always been the trend and what this amendment is doing is to confirm that position and to ensure and to point out that the *National Procurement Act* does not apply. We can only move away from the public service mentality and run them as companies. And to do so would be to allow those companies to go back.

Mr Speaker, today it is a sale at the buyers' market, all our SOEs could not be sold down under a private partnership arrangement, where most of them are not making profits, that is why this government is presenting these amendments. And if we were to look at schedules 3 and 4 of the Proposed Bill. This time around, they set out in law precise procedures of appointing directors, chairman and CEOs of our SOE. In one way or other, schedule 3 and 4 are now in the form of a law, where as in the past we were only going by policies. This time around we have a written law that will guide us when it comes to making appointments, for chairman and directors and CEO positions. This government certainly would not be placed in a situation where we would be dreaming of selling down our SOEs in a fiery sale such as the one we did in Origin Minerals. Most of our SOEs are not in a situation where they could be sold down.

They are not making profits and the values are far less. If the government were to mount a fire sale it would be doing injustice to our people if we are to adopt that approach. The idea

is to simply turn them in to legislative amendments by servicing a definite and transparent process of appointing our directors, CEOs and chairman and ensuring that all the SOEs operate according to an approved corporate plan.

And they in return provide a dividend that we are all looking forward to. We will be able to look at the possibility of selling down our SOEs under a public partnership plan, only after we have rehabilitated our goldmines, which are our SOEs and that is what these amendments will do.

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.

ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 2.15 p.m.