

SEVENTH DAY

Thursday 19 August 2021

DRAFT HANSARD

Subject:

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

Amendments cannot be accepted over the phone.

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



HARRY MOMOS

Acting Principal Parliamentary Reporter

SEVENTH DAY

Thursday 19 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 10.48 a.m. and invited the Member for Rabaul, **Dr Allan Marat** to say Prayers:

‘Sovereign God, you are the triune God. Once again in the name of Jesus Christ, we come before you this morning to seek your guidance through your Holy Spirit as we deliberate on matters of national importance for your people throughout this country. Father, your word says that each Member of Parliament here this morning, is a temple of your Holy Spirit and that we should not defile these bodies with things that are foreign and unclean. Father, this morning, we pray that you will forgive us of all our iniquities and transgressions. We pray that you will cleanse us individually with the precious blood of your son, Jesus Christ. Set us right with you this morning. Be with us throughout this day. We offer this prayer to you in the name of Jesus Christ. Amen’

ACKNOWLEDGEMENT OF VISITORS (UPNG Political Science Students and Lecturers) – STATEMENT BY THE SPEAKER

Mr SPEAKER – Honourable Members, I would like to inform Parliament that the second group of students and Lecturers from the Political Science Strand at the University of Papua New Guinea are present in the Public Gallery. On behalf of the National Parliament, I welcome them.

QUESTIONS

Death Threats

Mr DON POLYE – Thank you, Mr Speaker, for giving me the opportunity to ask a question. I would like the Minister for Police to take note.

This question is in regard to a threat that I received last night; it's not that I am scared of it but I think the rightful authorities should act on it. And I quote, *'for your information, this is not a threat my good leader, this is a warning, sit down and think carefully about these murder cases of late Fred Konga of Jiwaka, late Peter Waieng of Chimbu, late Thomas Sakora of Hela, and the late Jeffery Bull of Western Highlands. They have all gone without any single trace'*.

02/07

Therefor I think you should think about it yourself and think about your family. Nobody will come and look after your family, not even the UBS Loan Commission of Enquiry that you are actively participating in. Shut your mouth and concentrate on your electoral duties. Thank you.

My question is, Mr Speaker, before I ask my question, I dismiss this threat or warning as hogwash It will not work on me or anybody else who is standing up for what is right. I have been elected by the people of Kandep, not only to represent the people of Kandep but to represent the people of Papua New Guinea to serve their interest and serve the interest of future generations. People who are on the crooked path of life will not threaten me. And I dismiss wholeheartedly all these threats but because he mentioned several people who are deceased, that means this person also knows who killed those people and he knows why those people were killed.

My question to the Minister for Police is; can the Police Commissioner and the police investigate who that person who threatened me is and also investigate thoroughly those who have been deceased whose names have been called here. If we allow such threats to go without addressing it by the rule of law, you'll find people lurking out there in the dark and abuse people's resources, misuse people's position that have been given. And they'll abuse and manipulate the systems entrusted to them and continue to hurt Papua New Guinea and the 10 million people of this country.

Can the Minister of Police do something seriously to address who that person is? I'll give them the number.

Also investigate those people whose names were mentioned because they were killed and we know that there is no trace of these people.

I will give the number to the Ministers for Police and the Minister for Communication and to address this.

Thank you, Mr Speaker.

Mr WILLIAM ONGLO – Thank you, Mr Speaker. I also thank the Member for Kandep. I think these threats are very serious and I would like to remind the Member for Kandep that he is not the only one receiving such threats.

There are a lot of leaders texting me and registering complaints about threats coming from all sorts of people on media or social media. Some are coming out on social media, but they are indirectly targeting the leaders.

I think this sort of people who are doing that are the lowest form of people on this planet. If you have a problem, why don't you man-up and face the person you have problems with. Do not hide behind the curtains and spoil leaders. We are leaders who have been mandated to serve the people and sometimes we make good and bad decisions, but we have to make tough decisions for the country.

And I think leaders, if you have to go to the Commission of Enquiry to give evidence word, you have to say it and should not back down. You must stand strong.

So, bring your matters in and our team will have a look at it. We have a separate Crime Unit and we can easily access the numbers with the service providers. You would probably register it as an official complaint with the police.

In regard to the former MP and Member for Kundiawa-Gembogl, Peter Waieng, who was murdered, I also want to know what happened. I have been asking the Police Commissioner and the team to provide me reports. To date, I have not received any report, including the high-profile murder cases. Our police are working on it, the last time I enquired and they are putting the files together.

Thank you for bringing it up again, I will check with the Commissioner and see where will go from there. I will ask you to come and give your details to do an official complaint and we'll check who is behind this false name threatening you.

Thank you, Mr Speaker.

03/07

Supplementary Question

Delay in Investigating Police Complaints

Mr PETER YAMA – Can the Minister explain why priority is given to fresh complaints than those that were laid previously? It should be first-come, first-served.

Why are they not attending to the complaints I first laid when I became governor? My complaints still sit in the Office of the Police Commissioner. They are not being addressed whilst the case that is being raised on the Floor of Parliament recently is prioritised. This is politically motivated.

Can the Police Commissioner look into the issues I raised when I first took office in July 2017 in relation to malpractice, misuse and mismanagement? I was going to clean up the office before I took over as governor, but the complaints have not been addressed all this time. All my complaints were shelved after being properly audited by accountants, competent investigators and lawyers. It seems the Manam Restoration Authority has priority over any other case. That is what is happening to the other murder cases. These are very serious indictable cases that were committed by offenders who are still at large. Other cases are being handpicked and innocent people including politicians are prosecuted.

Mr WILLIAM ONGLO – Mr Speaker, I thank the Governor of Madang for his questions. We are aware of all the cases happening in Madang, but I am not able to give you any details at the moment as these are ongoing investigations. I believe some of the members of your provincial administration have been arrested. There were some minor issues regarding police officers travelling in from Lae to make the arrests but, Governor, you must understand that the ACP divisional command is based in Lae. The orders either come from PPC or the Divisional Commander. I actually received the complaint but I cannot disclose any details because the case is under investigation.

Mr Peter Yama – Point of Order! Mr Speaker, I am talking about a case that was registered earlier but was never addressed. As a former police officer, when a case was registered in the Occurrence Book (OB), we attended to complaints in order of entry.

Can you make sure that complaints that are laid first are being addressed before the later ones?

Mr ALLAN BIRD – Point of Order! Mr Speaker, with due respect to the Governor of Madang, this is an opportune time to talk about national interest. If he has an issue and has access to the Police Minister and Police Commissioner, he can raise it with them.

There are other members here who wish to ask questions that are important to the country and their respective electorates.

Mr Speaker, I ask you to consider this and the Governor can personally take the issue up with the Minister for Police.

Mr SPEAKER – Honourable Governor of East Sepik, let me allow the Governor of Madang to continue with his point of order before I can entertain yours.

Mr PETER YAMA – Some governors and members of Parliament are implicated in the Madang case. My complaint was laid in 2017, and if anyone is feeling annoyed by my persistence, maybe it is because they may have been involved.

This investigation has to be conducted because these are very serious offences concerning millions of kina in Madang.

If this complaint was laid in 2017 when I took up office, it meant that my first priority was to do the right thing, and that is what I did. I wanted to clear the records before I took office. This complaint was not entertained, so please can the Minister look into this and explain why earlier complaints are not being addressed by police officers? They are choosing cases to investigate as opposed to working in order of appearance in the police Occurrence Book (OB).

04/07

Mr WILLIAM ONGLO – I am not familiar with every case file in the country. It is huge but you have raised your concern which relates to police operations and I will ask the Police Commissioner to look into the matter.

The honourable member has the right to raise those concerns because we are delaying justice. I will see to it that his concerns are addressed.

Reduce Income Tax

Mr JAMES DONALD – My questions are directed to the Prime Minister and it's concerning personal income tax in the country.

Mr Speaker, you are aware the country is faced with a number of issues and on top of it, we are also hit by the global pandemic. I would like to ask the Prime Minister; after considering all the issues surrounding our people and the hardships we are facing, income tax should be reduced for all income earners, even if it means reducing it by 50 per cent. There will be more to spend if you reduce tax and I am proposing to the Prime Minister, if that can be considered at this time.

Mr JAMES MARAPE – Mr Speaker, I'd like to thank the Member for North Fly for asking a very important question. Those are the questions we need to ask so that we can get the right response out to the country.

To answer the member's question, our country is riding on three main forms of taxes; personal income tax, corporate tax and goods and services tax. And amongst the three, I do acknowledge that over the last three years, personal income tax has crept up to be the major contributor to national revenue. This means our workers are providing for the country's well-being.

The line of thinking as suggested by the Member for North Fly is good for our country but at this stage, we cannot make such a critical call as yet. The demand for funds to service our development and recurrent aspirations is nearing the K18 – 19 billion mark annually. However, actual revenue collection is around K10 – 11 billion. So, it will be irresponsible for me today to just say, we will reduce personal income tax. Whilst answering the questions, I would like to also take this opportunity to thank our workers whose income tax has helped to sustain the well-being of this country.

05/07

I once visited Lihir and a young man asked me that very question saying, Mr Prime Minister, we are very happy you are here. Can you please slash our personal income tax? I indicated to him that maybe in five- or six-years' time when our economy is bigger and corporate taxes pickup; when the economy has expanded in size then hopefully, we can look into reducing personal income tax. I agree with what the honourable Member for North Fly mentioned. When you lower tax, our ordinary people in the country will have more buying power which encourages them to spend.

Mr Speaker, I also would like to inform Parliament that as we speak, IRC under the leadership of Mr Koim is being reformed. We are expanding and bringing in those that have

been evading tax payments to start paying their taxes. We should be sharing tax payments instead of leaving it to our employees to shoulder all the burden. This is what I observed when I visited the IRC. Currently, we do not have the ability to reduce our tax payments because if we do, then, the revenue envelope of K10 billion to K11 billion will automatically drop.

Mr Speaker, this is the revenue figure that we need to fund the development budget and recurrent expenditures where appetite and actual need is at K16 billion to K17 billion. If we do not control the expenditure of the public service then it will soon peak at the K20 billion expenditure level.

Mr Speaker, as you all leaders are very much aware, we are all asking to build roads, hospitals, schools and so many other things. These requests are correct and we should be asking for them but there is inadequate revenue to meet all our demands. We are operating on what we have and making sure that we all get a fair share all throughout the country.

With regard to the Members question, we currently do not have the ability to slash it but into the future, we can look into this proposal.

Mr James Donald – Point of Order! I have heard what the Prime Minister said. He has stated that we are not able to cut tax because we need the money. However, the fact of the matter is that we have enough money and resources. We need to manage it well. We are probably spending it at the wrong places. Why don't we cut down on unnecessary expenditure? In that way, we allow room for savings.

Mr SPEAKER – Honourable Member for North Fly, your point of order is out of order. You asked a question and the Prime Minister has replied to it. I will allow the Prime Minister to finish.

Mr JAMES MARAPE – I welcome the suggestion by the Member for North Fly. As I have mentioned, at this point in time, our tax revenue totals up to about K10 billion to K11 billion. But our need for money sits at about K16 billion to K17 billion.

I welcome the suggestion by the leader and if you know of an area where we need to cut down on, then please you are most welcome to advise our Department of Treasury and National Planning. These are the people who are in-charge of our money plan. You are a

leader of our country therefore you have every right to suggest what we should cut spending on.

Mr Speaker, of the K10 billion to K11 billion that we collect from tax every year, on average around K5.6 billion goes to paying all our salaries. Another K2 billion to K3 billion goes to making sure that we have electricity and water under the recurrent expenditures. This amounts to about K8 billion to K9 billion that we use under the recurrent expenditures. When you look at the balance of what is left, then you will realise that we only have about K2 billion to spend.

06/07

Therefore, we try to maintain a lower tax, that is why on this side of the government, we are not targeting the small Papua New Guineans, but we maintain the tax at this level, working towards the not too distant future to bring it down. But we are targeting to expand the scope of collection from all the black markets, especially those who are operating illegally, so that everyone is paying tax which will assist in sharing the burden with the corporate sector. And of course, when the economy expands the corporate taxes should be reduced as well. So, we are looking at the big companies that are operating in the forest and mining sectors so we can all pay our tax where it is due and not only on the public servants.

So, with that in mind, at present, we cannot reduce any level of tax. Even if some members in the opposition want to reduce it, when you come to the government, you will realise that the appetite for development and the need for development budget and recurrent is already at peak- it's above the money we generate and you cannot reduce it today.

But if we all work to grow the economy and support IRC in expanding the catchment of our tax base, in the not too distance future, we are hoping 2025, we can re-adjust some of these taxes, especially with the public servants. And, if the economy is growing and we are better placed, this proposal by then can be looked at.

Today, the affordability is not there and it will be very silly of me to appease everyone and say, I will look in to it. That will be irresponsible. Our country has to collect all revenue coming into the country. Maybe in the future, you and I could have this discussion if our economy is in a far better placed than it is in today.

Thank you, Mr Speaker.

BSP Money Laundering

Mr MANASSEH MAKIBA – Thank you, Mr Speaker. My questions will be directed to the Minister for Treasury and it is in relation to the media release or Public Statement made by the Financial Analysis and Supervision Unit (FASU) of 12 July 2021, regarding the Investigation Report and Regulatory action that FASU has taken against the Bank of South Pacific (BSP) over findings of money laundering by certain customers of BSP in contrary to the Anti-Money Laundering and Counter Terrorist Act.

Mr Speaker, I would like to give a brief on this issue before I ask my questions. It is important for the country to understand this issue.

Mr Speaker, the FASU Report of Money Laundering was also reported in the Australian Financial Review and the ABC News on 12 and 13 July 2021. The ABC News, reported, “The Bank of Papua New Guinea’s Financial Analysis and Supervision Unit (FASU) said, that BSP had failed to identify legitimate reasons for several millions of kina payments being made by one customer to another; who are what is described as politically exposed persons.” The Australian Financial Review reported, “The largest lender in the Pacific, BSP Financial Group has been ordered to remove senior managers following breach of anti-money laundering laws in Papua New Guinea.”

Mr Speaker, according to the FASU Media Statement which was published on 12 July, 2021; FASU carried out two sets of investigations on BSP, on allegations of money laundering in 2019 and presented a report on the findings of breaches of the anti-money laundering law to BSP with directions of regulatory actions to be taken by BSP to rectify the breaches of the anti-money laundering law

07/07

Mr Speaker, among other findings, FASU identified eight high-risk customers of BSP who engaged in money laundering activities involving millions of kina that were transferred to a politically exposed person and customers who had international allegations of money laundering, without carrying out proper due diligence check and identifying the sources of the money.

Mr Speaker, FASU gave notices and opportunities to BSP to review, respond and take corrective measures on the breaches of the anti-money laundering law. But, BSP in response gave blanket denial to the FASU report and the findings in April 2021.

FASU also identified that there was systemic culture of non-compliance.

Mr Davis Steven – Point of Order! Mr Speaker, (*inaudible*).is that money laundering and counter terrorism legislation was passed in 2015 so, what existed was in 2001.

Mr SPEAKER – Honourable member, please continue and ask the question.

Mr Davis Steven – Point of Order! Mr Speaker, are you going to order him to retract and correct the records on the *Hansard*?

(Members interjecting!)

Mr MANASSEH MAKIBA – Mr Speaker, perhaps the question raised by the good member for Esa'ala has been corrected.

Mr Speaker, the public was shocked to learn of a media statement made by the Governor of the Bank of Papua New Guinea in distancing the public statement made by FASU earlier on. The Governor of Bank of Papua New Guinea stated and I quote “the use of BSP logo was not authorized and the statement was not endorsed or approved by the Bank of Papua New Guinea and the biggest concern by the public is the position taken by the Governor and BSP is sound and mix all regulatorily requirements and standards under the *Banks and Financial Institutions Act*”.

Mr Speaker, if the Bank of Papua New Guinea through the Governor is denying the FASU report over the BSP allegations of money laundering, whose interest is the Bank of Papua New Guinea, the regulator of the financial institution in this country, protecting and serving?

Is the Bank of Papua New Guinea protecting the integrity of Papua New Guinea financial systems or BSPs interest or FASUs and unregulated institutions within the Bank of Papua New Guinea?

Every week BSP does a due diligence check on ordinary Papua New Guineans doing banking by refusing deposits or transfers of monies more than K5000 and also impose internal audit like investigations on all government DSIP and PSIP cheques and even to the point of questioning project contractors.

Sometimes what BSP very conveniently chose to allow the eight high risk and politically exposed customers identify by FASU to transfer millions of kina without question

the sources of money or carry out proper enhanced customer due diligence. Is BSP showing how double standard.

My questions to the Minister for Treasury as the minister responsible for having oversight over the Bank of Papua New Guinea are;

(1) Are you aware and what is your department done to address the conflicting and contradictory public statement release by FASU, and the other one by the BSP over allegation of breaches of the anti-money laundering and counter terrorist financing *Act* committed by BSP.

08/07

(2) Who are the eight high-risk BSP customers identified by FASU?

(3) Who is or who are the politically exposed person or persons that transferred millions of kina in payments to BSP identified by FASU? Are they referring to us politicians in this House? or, a Foreign Politician?

(4) Who is or who are the high-risk of politically exposed person that had credible allegations of money laundering named in the international media which was identified by FASU?

(5) Who are the senior staff of BSP that FASU directed to be removed and replaced. Is it the CEO of BSP, the Chairman of BSP, or both of them?

(6) Why has the Governor of Bank of Papua New Guinea distanced the Bank of PNG from FASU and defended BSP against FASU report when FASU was in the process of carrying out its mandated function under the *Anti-Money Laundering Act* in trying to prevent BSP from involving in money laundering activities.

Thank you, Mr Speaker.

Mr IAN LING-STUCKEY (*Audio inaudible due to technical problems*)

Mr SPEAKER – We are experiencing a problem with the audio system. I will suspend Parliament until the ringing of the Bells.

09/07

**BREAKDOWN OF CHAMBER AUDIO SYSTEM-
STATEMENT BY THE SPEAKER**

Mr SPEAKER – Honourable Members, I believe you all cannot hear me. We have an issue with the Chamber audio system. Our technicians are now trying to fix the problem. Therefore, Parliament will now adjourn.

ADJOURNMENT

Motion (by Mr Rainbo Paita) agreed to-

That the Parliament do now adjourn.

The Parliament adjourned at 12.06p.m.