

EIGHT DAY

Tuesday 30 November 2021

DRAFT HANSARD

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PARLIAMENTARY DEBATES
CORRECTIONS TO DAILY DRAFT HANSARD

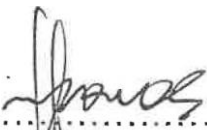
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.....
HARRY MOMOS

Principal Parliamentary Reporter

EIGHTH DAY

Tuesday 30 November 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**) then took the Chair at 11.10 a.m., and invited the Member for Mul-Baiyer, **Honourable Koi Trappe**, to say Prayers:

‘Father God in the name of our Lord Jesus Christ, yu God bilong Abram, Issac, yu God bilong Heaven, yu God bilong graun.

Papa God yu makim mipela ol dispela leaders, mipela come before long yu, tok sori long wanem pasin mipela mekim wer yu no amamas long en.

Yu forgivim mipela, yu cleanim mipela wantaim blut bilong yu na sampela toktok mipela mekim we yu no amamas, sampela rot we mipela igo yu no amamas, mi tok sori tru long dispela. Yu forgivim mipela na cleanim mipela wantaim blut bilong yu.

Now long dispela moning, olgeta leaders bilong yu long dispela country, mipela sanap bipo long yu.

Papa God, mi tok tenkyu tru long yu long makim mipela, tenkyu long yu lukautim mipela, yu protectim mipela, mi tok tenkyu tru long dispela.

Tenkyu, Lord Jisas Christ now long dispela moning igat special meeting long budget reply. Papa God mi prea long Prime Minister, Governors wantaim Ministers na mi prea long Opposition Leader na olgeta Opposition Members long take part long dispela reply long budget.

Papa God, mi prea na mi committim long mighty na powerful hand bilong yu. Yu yet yu leadim mipela, guidim mipela na protectim mipela na mipela discuss long dispela. Tenkyu God, tenkyu Holi Spirit, tenkyu Jisas Christ.’

**DEATH OF MEMBER FOR MIDDLE-RAMU-
HONOURABLE JONNY ANANIAS ALONK –
STATEMENT BY THE SPEAKER**

Mr SPEAKER - Honourable Members, I wish to inform Parliament of the death on 28 November 2021 of Mr Jonny Ananias Alonk, MP, Member for Middle-Ramu Open Electorate.

**Sir PUKA TEMU – LEADERSHIP TRIBUNAL –
STATEMENT BY THE SPEAKER**

Mr SPEAKER – Honourable Members, I inform the Parliament that the Member for Abau, Sir Puka Temu KBE, CMB, MP, has been suspended from duties with full pay pursuant to *Section 28* of the *Organic Law on Duties and Responsibilities of Leadership* dated 24 November 2021.

02/08

MOTION BY LEAVE

Mr RAINBO PAITA (Finschhafen-Minister for Planning and Monitoring) – I seek leave of Parliament to move a motion without notice.

Leave granted.

**SUSPENSION OF STANDING ORDERS –
REARRANGEMENT OF BUSINESS**

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

That so much of the *Standing Orders* be suspended as would prevent Notice Nos: 275,276,277,278,279,280,281,282,283 and 284, Government Business, being called on forthwith

APPROPRIATION (GENERAL PUBLIC SERVICES EXPENDITURE 2022) BILL 2021; APPROPRIATION (JUDICIARY SERVICES 2022) BILL 2021; and APPROPRIATION (NATIONAL PARLIAMENT 2022) BILL 2021

Second Reading

Debate resumed from 25 November 2021(see page...)

Mr JOSEPH LELANG (Kandrian-Gloucester) – Mr Speaker, I thank you for this opportunity to present the Opposition’s response to the 2022 Budget that was handed down by my friend, the Honourable Ian Ling-Stuckey, last week Thursday.

Mr Speaker, these are difficult times we live in and we all recognize that. The global pandemic has caused the death of many of our people, our country’s exports have been hit hard by disruptions to supply chains and partly caused the country’s revenue base to further shrink. Many Papua New Guineans have lost their jobs as a result with urban unemployment hovering over 16 per cent while prices of food and the general cost of living has risen in the past few years with inflation projected to rise to 5.6 per cent in 2022.

Mr Speaker, we are fully aware that our people and country are faced with daily hardships and challenges in these times, never experienced before and we know that our people are looking to us to provide leadership, to provide relief to them, to protect them from the harsh realities of the pandemic. They are looking to us to stop the pandemic and put the economy back on a path to recovery so that they can start rebuilding their lives.

Mr Speaker, so in consideration of these difficult times we find that the 2022 Budget is out of touch with the harsh realities that our people and business houses are facing in the country today. In fact, we are not easily convinced that what the 2022 Budget promises will be achieved.

03/08

Mr Speaker, I would like to elaborate further on this point. We find the 2022 National Budget to be very highly optimistic. For instance, the Marape Government says it will raise K16 190.2 million and this will come mainly from tax collections of K12 522.8 million and non-tax revenue of K1 842.5 million.

Mr Speaker, but the fact of the matter is that since 2019, total tax revenue has always been around the K10 billion annually. We find it hard to believe that all of a sudden K12 522.8 million can be raised in the 2022 Budget especially in this pandemic environment.

Mr Speaker, additionally, we are not convinced that the Government can collect dividends of K1 270 million projected in the 2022 Budget. Since 2019, total dividends collected had always remained at around or below the K800 million mark. In fact, we note from write-ups in their 2022 Budget Volume I document, the Government has openly said that they were unable to collect the outstanding K679.5 million dividends in the 2021 Budget. That is why the dividend projections in the 2022 Budget is highly questionable.

Mr Speaker, imposition of the banking levy and the telecommunication tax at this time greatly concerns us on this side of the House. The new draconian market concentration tax imposed on Bank South Pacific and Digicel is damaging investor confidence in the long term. It defeats the prospects for re-building a post-Covid-19 recovery. Our people are already struggling in this pandemic and they are not going to easily forget these taxes because these taxes are directly stealing from the retirement accounts of workers. Ordinary people will bear the cost of these taxes adding more financial burden on them. There is no integrity in the 2022 Budget, there was no consultation.

Expenditure

Mr Speaker, the 2022 Budget lacks transparency. A lot of funds are centralized and kept here in Waigani and very little is going out to the provinces and to support other important functions of government. A total allocation K13 423 million is classified as operational funds in the 2022 Budget expenditure.

Mr Speaker, of this amount, a total of K2 605.5 million is kept in miscellaneous with the Department of Treasury and Finance. It is kept here in Waigani. When we look at the capital budget of K8 751.8 million, again, a total of K3 077.7 million is kept in the administration sector where Department of National Planning takes a large share of K2 090.2 million; Treasury Department takes K240.3 million and Department of Prime Minister & NEC takes K394.5 million. Again, it is kept here in Waigani.

Mr Speaker, we need to invest in the rule of law in Papua New Guinea. There is rampant corruption everywhere in public offices and we need strong governance institutions; we need investment in establishing and operationalising of the Independent Commission Against Corruption (ICAC), the Human Rights Commission.

04/08

We need to inject reform into oversight concessional institutions like the Ombudsman Commission to make them more effective.

Mr Speaker, we need to allocate more funding to the provinces because that is where our people are. Only four provinces aside from the Autonomous Region of Bougainville got increased funding, which include Gulf, Oro, National Capital District and Hela.

Mr Speaker, aside from these five mentioned, total budgetary allocations includes recurrent unconditional grants to provinces and LLGs, Public Investment Programmes (PIP) and grants to local level governments.

Mr Speaker, we note on the outset, some of these PIPs are hidden elsewhere in the Budget so it's not reflected under specific provinces. So, overall, provinces that receive cuts in the 2020 Budget include: Morobe, a cut of K113 million compared to the 2021 Budget; Eastern Highlands, a cut of K38.9 million; Sandaun, a cut of K36.5 million; Madang, a cut of K35.9 million; Western Highlands, a cut of K33.5 million; Milne Bay, a cut of K25.5 million; Southern Highlands, a cut of 26.6 million; East Sepik, a cut of K23.1 million; Simbu, a cut of K22.1 million; East New Britain, a cut of K22.1 million; Central, a cut of K21.2 million; Enga, a cut of K17.1 million; New Ireland, a cut of K15.7 million; Jiwaka, a cut of K13.9 million; Fly River, a cut of K11.2 million; Manus, a cut of K4 million and West New Britain, a cut of K510, 000.

Mr Speaker, the majority of our people are in the rural areas and they receive public services from their provincial governments and districts. Provincial governments should not be getting cuts from their 2022 budgetary allocations. They need funding for provincial infrastructures, such as roads, bridges, education, and health services; not here in Waigani. The provincial administration needs funds to confront the Covid-19 pandemic particularly with the new emergence of new Covid-19 variant in their provinces.

Mr Speaker, we are aware that the global economy is projected to grow by 4.9 per cent in 2022, slightly down from the 5.9 per cent estimated for this year. It is an indication that many economies are slowly recovering from the pandemic. It is, however, not clear where Papua New Guinea is with regard to the pandemic and its recovery. Are we still in the original lockdown stage, are we in transition or are we already in the recovery stages?

Mr Speaker, it is important that we have to know where we are at all times. There are important projects that are necessary to grow Papua New Guinea and that will assist with the recovery. Everything is left out in the 2022 Budget. For example, we just heard from the Minister for Fisheries, clearly stating in this Honourable House that he needs more than K1.2 billion to set up and operationalise the Pacific Maritime Industrial Zone or PMIZ in Madang to grow our fisheries sector, to create jobs, tax base and exports but in the 2022 Budget, Mr Speaker, this particular project is not included.

Mr Speaker, in addition, K8 million has been allocated to the health sector -

Mr James Marape – Point of Order! The Opposition spokesman and Shadow Treasury said that the PMIZ is not included in this project. Let me point him to the allocation of K100 million, for the first time. No government has ever allocated money straight into this project. I don't know which Budget book is he looking at. Can he read the books properly and make accurate statements?

Mr JOSEPH LELANG – Thank you, Mr Speaker. The appropriate place to put that money is the National Fisheries Authority and when I checked the book, they only have K7 million. That K7 million is for other things like institutional housing and all that so, I do not know where they are hiding that money.

05/08

While an additional K800 million has been allocated to the health sector in the 2022 Budget, we are still using tents and sporting facilities to isolate and treat Covid-19 patients.

It is our view that with all those borrowed monies, we should be more targeted at converting our hospitals and maintaining that specifically to cater for Covid-19 patients. With the emergence of deadlier Covid-19 variants, the use of proper facilities now needs to be considered.

Mr Speaker, there is no mention in the 2022 Budget about the Government's investment in the United Nations Sustainable Developments Goals commitments and international expectations on strong governance institutions, accountability and transparency in government.

Mr Speaker, we should be focussing on also protecting coastal atolls and island communities that are currently been affected by sea level rise and climate change. Some of our communities have already been displaced while, many more are wondering how they can save their livelihood and their homes.

This is a painful reality for our people in this country and it is going to get a lot worse, especially when United Nations Convention on climate change (UNFCCC) at Cop26, Glasgow, reported that in the next 100 or 200 years, sea level will rise by two to three meters in some parts of the world and others will be five to seven meters.

Mr Speaker, the Opposition is saying is that the 2022 Budget should allocate resources more fairly to critical activities and sectors of the economy - some which I have mentioned –

to strengthen and support economy recovery and at the same time, address many of the issues, challenges, short comings and failings that we have in this country.

Micro managing the entire country by keeping K2.1 billion, for example, in the Department of National Planning alone here in Waigani is an unacceptable practice in light of what we are saying.

Key Concerns on Government's Inability to abide by its Medium-Term Strategies 2019 to 2022.

Mr Speaker, since gaining office in 2019, the Marape Government, as part of its 2020 Budget, introduced its revised Medium-Term Fiscal Framework, 2019-2024.

In that document, they set out their fiscal targets, what they are going to achieve each year up to 2024, as part of its fiscal consolidation strategy.

Mr Speaker, it is sad to say, the Marape Government has failed to achieve their fiscal targets.

Mr Speaker, let me highlight some of these.

- In the Medium-Term Fiscal Strategy (2019-2024), the Marape Government was targeting a public debt level of 39 per cent of GDP (or K43,191.8 million) by 2022. But in reality, they bypassed that target and increased public debt to a whopping 51.9 per cent of GDP (or K52,765.2 million) in 2022.
- In the same Medium- Term Fiscal Strategy (2019-2024); they targeted a small budget deficit of negative 2.1 percent of GDP

Mr Bryan Kramer – Point of Order!

(Uproar by the members of Opposition)

Mr SPEAKER – Order! Order! We have a Point of Order.

Mr Bryan Kramer – Point of Order! Thank you, Mr Speaker. I am mindful of interrupting the Shadow Minister for Treasury.

Mr Speaker, he just introduced his speech talking about a unique unprecedented pandemic that we are facing. He just explained the very difficult times that we are facing and then now he his trying to compare 2019 strategy to the current state.

06/08

Mr SPEAKER – Honourable Minister, your point of order is out of order. I ask all the Honourable Members to allow the Shadow Treasurer to complete his reply. After his reply, those who want to debate on it can take note of his points and reply to it.

Mr JOSEPH LELANG – Mr Speaker, I would be very happy if Honourable Member for Madang can write my speech because apparently, he seems to be very good in a lot of things.

Mr Speaker, if I may continue, in the same Medium-Term Fiscal Strategy 2019-2024, they targeted a small budget deficit of negative -2.1 percent of GDP or K2 143 000 000 billion by 2022. But in reality, they missed the target and increased it to a large negative 5.9 percent of GDP of K5 984.7 000 000 in 2022. Similarly, the Medium-Term Fiscal Strategy 2019-2024 stated that Marape government was committed to consolidating government expenditure to K18.8 billion by 2022. But in reality, the total expenditure, had shot to K22.2 billion in 2022 Budget and again misleading the target.

Mr Speaker, all of this boils down to the question of trust and credibility of this government going forward and that's what it's all about. In the 2022 Budget, my friend, the Honourable Treasurer, introduced a 13-year fiscal plan of 2022-2034, where a lot of promises were made to the nation but unfortunately as we have just demonstrated, it is difficult for the country to trust this plan that it will work out the way they have painted it. It is very hard to trust this Government, there is no credibility.

Mr Speaker, if the Marape Government cannot achieve the target in the Medium-Term Fiscal Strategy 2019-2024, how can we trust them that they will deliver their 2022 Budget and on their Fiscal Plan 2022-2034.

Mr Speaker, the 2022 Budget cannot be implemented because it is based on unrealistic and overly ambitious macro-economic assumptions. Furthermore, it has kept a substantial amount of funding within Waigani. This questions the transparency and integrity of the 2022 Budget. Moreover, critical sectors in the economy such as law and order, education and healthcare given low priority compared to administration and funding.

Lastly, although provinces hold a large share in the 2022 Budget and most have had their allocations reduced from this year's level.

Mr Speaker, finally, the 2022 Budget is not in line with the Government's own Medium-Term Fiscal Strategy 2019-2024, which it has announced to the nation last year. It is not too late for the Government to review and rewrite the 2022 Budget again to refocus the budget and

remove those bad taxes and realign the Budget to its original Medium-Term Fiscal Strategy 2019-2024. The Opposition is prepared to sit in December to approve the revised 2022 Budget because we will not support it in its current form.

Thank you, Mr Speaker.

Mr ALLAN BIRD (East Sepik) – Thank you, Mr Speaker, I rise as Chair of Plans and Estimates Committee on behalf of the Parliament, representing yourself.

Mr Speaker, it is my privilege to stand before this Honourable House to present the committees observations regarding the 2022 National Budget.

07/08

At the outset, the Plans and Estimates Committee wishes to place on record, its commendation of the professionalism and the high-quality presentation from both the Department of National Planning and Monitoring and the Department of Treasury team.

The respective deputy secretaries did exceptionally well and the respective departments have done an excellent presentation to the committee, setting a new bench mark in the quality of their work. We commend the two secretaries, Secretary Koni and Secretary Vele and their Ministers.

The Budget in our view continues the budgetary per program but it does one more significant thing, it attempts to share the burdens more broadly and to diversify development and economic development particularly. It's actually a give and take Budget, Mr Speaker.

In terms of robust institutional mechanisms for budget formulation and consultation, the committee feels that there needs to be more interaction between the committee, Treasury and the Department of National Planning and Monitoring and for better stakeholder engagement in future budget formulation processes to take into account inputs from all key stakeholders.

Mr Speaker, the committee is of the view that greater focus must be placed on the cascading logic from Vision 2050 down to the integrated provincial development plans all the way to the district plans. The alignment between the high-level vision down to the Medium-Term Development Plan (MTDP) is already there, however, the linkages are lost at the implementation level. We strongly urge the Department of Planning to get away from rubber stamping respective plan and critic them strongly to ensure alignment to national priorities before funds are allocated at the provincial level so that our people can get better outcomes.

Past cultural practices are also obvious in the Budget. We need stronger linkages to high level goals. Project implementation cannot be executed on ad hoc basis giving scant regard to long term sustainability and value for money for the people of Papua New Guinea.

Many projects tend to enter at the Budget without having been subjected to a thorough cost benefit analysis or value for money assessment. Planning officers admitted that many projects over the last 20 years have been entering the Budget and have little to do with value for money and it's difficult to assess their benefits to the country.

We recommend that the project pipeline process under the Department of Planning and Monitoring and the Department of Treasury needs to be re-activated and all users must be urged to comply. Fair distribution of resources based on national priorities.

Mr Speaker, in line with the Marape Government intention to create 22 self-sustaining economies, the specific economic agendas in the different provincial locations have to be adequately identified and any funding provided to these respective provinces and districts must lead to incremental gain in GDP, improved health care and education and lifestyle outcome.

Mr Speaker, we feel that the entire country needs to move towards the block-run system in the future to eliminate the need for last minute rush for project funding. Department of National Planning must focus on large-scale government programs while small projects are implemented at the sub-national level. We note that these works started in the 2021 Budget and is being continued in the 2022 Budget and we commend the Government.

There must be a clear demarcation between those who deploy policy and those who implement programs. At the policy level there is an urgent need for an equalization policy that recognizes cost of delivery, the overall population growth, the landmass in terms of size of the some of the electorates, sources of revenue generation and other indicators that will help us to better share national resources.

Some provinces and districts are large while some are small, some are remote and some are out in the ocean. These unique differences must be recognized and funding adjusted accordingly.

08/08

Budget Overview and the Economic Condition Precedent in 2022.

A lot of these have already being discussed so I apologise if I am going to bore everyone. GDP is expected to grow up to K101 billion in 2022, this would be the first time PNG's GDP has exceeded the K100 billion mark and that significance seems to be lost on everyone.

In terms of comparing the GDP K81 billion in 2020 and the K93 billion in 2021, we notice that there is K3.1 billion increase against the budget of K90 billion. The expected growth in GDP is 5.4 per cent against the world average growth of 6.3 per cent projected for emerging economies around the world; and our economy is classified as an emerging economy. So, 5.4 per cent is actually quite conservative against what the world is predicting. The 2022 Budget is expected to be K22.175 billion and this is an increase from the 2021 Budget of K19.607 billion. And the revenue is expected to increase from K13.674 billion 2021 to K16.19 billion and this represents a significant increase of 24 per cent.

Mr Speaker, your committee was quite concerned and we asked very specific questions to the Department of Treasury to justify why they were confident about the numbers that they were given and their response was that due to Covid-19, they were coming back from a very low base. They also said that the IRC and Customs have made significant improvement this year in collections alone and this is in line with the projected GDP growth. There is also a market increase for prices of agricultural commodities, gas, oil and gold as a result also of the Covid-19 pandemic.

These better - than - expected prices for the goods that our economy produces are expected to flow into the Budget next year. Borrowings in 2022 are expected to be K5.984 billion. This is a reduction from the K6.612 billion this year and the K7.304 billion in 2020. This downward trend in net borrowing is encouraging and seems to indicate that the budget repair strategy undertaken two years ago is actually working. And our questions to the treasury team were met with strong enthusiasm and we are encouraged by that.

We note that if it was not for the K600 million one-off election budget funding, the deficit would be around K.4 billion. The committee is pleased also that the Government now has a 13-year budget outlook that shows PNG returning to 45 per cent debt to GDP ratio by 2027, assuming we maintain budget discipline over the next five years and the non-resources sector of the economy continues to grow steadily; which all indicators seem to point to. This involves our people in the agriculture sector and all the non-resources areas, including SMEs.

The reluctance to go on a hard lockdown in NCD and other areas is actually clearly showing in that increase in the GDP, so we want to encourage the government to avoid the hard lockdown in the future because we have seen some good results in the GDP and we should only do it if it is based on strong medical advice. And the budget also assumes a restart of the Pogera gold mine by middle of next year and we urge the Government to quickly resolve all the issues with the landowners and other issues surrounding this mine and to get it back into

working so, our people can come to work and our businesses can go back to servicing this great national asset.

09/08

There are no new projects into the budget for 2022, on that note, I wish to recall a discussion I had with the Treasurer as part of my role as the Chairman of the Parliamentary Committee on Plans and Estimates during the framing of the 2021 National Budget. The previous year, in the Treasurer's bid to win back the confidence on the international community and bring back transparency to the budget process, he had brought on hidden debt onto the budget books which significantly increased our total debt. This included the repayment of the UBS Loan and paying down of outstanding arrears and so forth.

Mr Speaker, the committee at that time was very concerned about the large debt stock, and I made it known to the Treasurer. We were in the middle of the downturn in the world economy created by Covid-19 and the entire planet had shut down at that time.

Mr Speaker, the Treasurer said to me, there are two schools of thought. We either cut back expenditure and maintain our debt to GDP ratio or we borrow and spend money in the economy during the down turn. We are in a financial crisis. Should we cut back on road maintenance, health, and education? Government is the largest spender in the economy. If we cut back now the entire economy suffers. So, what do we do? The advice from everyone is that we borrow. We keep the economy going then when Covid-19 ends, we can climb back out and repay the debts. Those were the words of the Treasurer, almost two years ago.

Mr Speaker, on behalf of the committee, last year we expressed our deep concern about the size of the debt and we asked the Treasurer and Government to pay attention to it. I mention and those numbers in 2020 and that was quite high and in 2021 it was high. This year it is actually on a declining trend. The borrowing trend is going down while the GDP is going up.

Mr Speaker, as I stated last year, we can't underestimate the impact of the world economic downturn particularly in the last two years and for the next 3-4 years going forward. Mr Speaker, Covid-19 is real, whether we want to believe it or not. It has affected the global economy whether we want to believe it or not.

Our economy is strongly susceptible to what occurs around the world. We are not immune.

A good indicator would be to look at our neighbours and see how they are responding to this global economic downturn brought about by Covid-19. Our best friend and greatest benefactor, Australia, will borrow a staggering \$2 trillion dollars by 2025 according to the

Australian Financial Review. Australia had a debt to GDP ratio of 3.4 per cent in 2019 Fiscal Year. By 2025, they expect their debt to GDP ratio to be 80 per cent. New Zealand had a debt to GDP ratio of 19.5 per cent in 2020 and next year it will increase to 40 per cent.

Mr Speaker, both countries have planned to borrow money in the next five years to work themselves out of this global pandemic situation. They have no choice. I say to this Parliament that we also have no choice. These are circumstances beyond our control. Porgera will come back on line. The improvement in our GDP is a very positive indicator particularly in these hard times.

Mr Speaker, there is one thing that needs to be made and that is that last year, when the Treasurer brought the Budget, they actually had been very conservative in the GDP growth numbers. They brought in the Supplementary Budget because the GDP had grown. From a really bad situation in 2019, in the midst of a pandemic and a world economic downturn, our economy is improving steadily while our borrowings are declining.

10/08

I am pleased to admit in this case that the committee's concerns about this year's Budget as presented on the Floor last year, even though they were well founded and we were advising the Government to be cautious, we are happy to be proven wrong in this instance by the Treasurer and the Prime Minister.

We place on record our commendations to the Prime Minister for his leadership and the Treasurer, and we acknowledge the good work of all the public servants, the private sector and our citizens who grabbed what few opportunities there were in these past two years and made it work for our country.

Mr Speaker, it is our job as Plans and Estimates Committee to criticise the Budget and in doing so we have to be harsh on the Government because other Members of Parliament want to know if we are doing our job. This committee is not just here to rubber stamp the Budget but we are here to perform our duty to the country. We act on behalf of the Parliament and not Government.

I wish to commend Governors Sir Ipatas, Honourable Charlie Benjamin, Honourable Ginson Saonu and Honourable Ross Seymore for being absent from Parliament for two days while we reviewed the Budget on behalf of our people.

Mr Speaker, the bad news is on new taxes. The Committee is concerned about the Dominant Industry Player Levy imposed on BSP and Digicel respectively. We note that this is

a tax on super profit but we feel that such a tax should apply equally to all companies and not just these two. If we desire a super profit tax which already exists in the resources sector then we should apply that fairly on all companies.

We do not believe that tax measures should be punitive, discriminatory or directed specifically but there should be other tools available to the regulators which is the Central Bank and NICTA to bring about a fairer playing field for all businesses in those respective sectors.

In terms of BSP, we note that this company is more than 90 per cent owned by Papua New Guineans and it is also the most successful home-grown company operating internationally.

Mr Speaker, there are 500 000 people who pay income tax in this country and many of them belong to the Superfunds and we need to protect them. So, any additional benefits for those half a million workers is worthwhile protecting. The Government has options and I believe the Prime Minister will make an announcement shortly.

Mr Speaker, for example, many of us are unhappy that BSP gives us a hard time processing Government cheque. I have to say this on the Floor because BSP goes out of its way to block private accounts of Members of Parliament from operating. So, there is a constant fight between the Bank of South Pacific and the Government, more specific the Members of Parliament but we cannot let the bad behaviour of the Bank South Pacific towards us push us to make discriminatory attacks on them in terms of taxes that will hurt our people. Instead we have to be careful and whatever the reasons are we must not penalize our people.

The committee has two suggestions; one is to cut the DSIP and PSIP funds by K3 million which can save K333 million, or Treasury delays the implementation of the levy until its full impact on our citizens and economy can be determined.

Mr Speaker, we commend the Government on the following highlights that were missed because of a K280 million tax. There is a significant increase in the 2022 Development Budget of K8.71 billion from K6.9 billion in 2020. We are so pleased to see that the majority of these goes to the provinces and districts who surely need it.

Mr Speaker, there is a massive increase of provincial and district roads from K324 million in 2020 to K895 million in 2022.

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The return to funding of tuition fee education of K632 million in 2022. It is designed to release the pressure of parents, who have had a loss of income due to Covid-19.

(4) Mr Speaker, we commend the funding increased to PHAs and the health sector in general. A total of K632 million in PIP funding to help combat Covid-19 and to improve the health sector.

In particular, we are pleased to see the K130 million for provincial hospitals, the K130 million for districts hospital, K198 million for PHA infrastructure in all provinces and K95 million for Covid-19.

Mr Speaker, this is personal to me because in fact, a year ago, I had meeting with Dr Molume and his team at Port Moresby General Hospital and they needed K50 million for the campus facilities. On his behalf, I want to thank the Prime Minister for allocating the K50 million in next year's budget.

I want to tell our people, you have been calling on us to improve the health sector, critical of us on the handling of Covid-19 and to fix the hospital and your government is listening.

There is an increase in the funding for the Law and Justice Sector and in particular police funding and I want to thank the Government for that. The continuation of the K200 million funding for the SME sector and more importantly, K10 million specifically for women's financial inclusion. We commend the increased funding of Internal Revenue Commission (IRC) and Customs to help with tax collection.

Mr Speaker, as a Government, we must look after the people who are on the frontlines collecting the revenue to serve our people, so I commend the Government. We note also, the improved funding for prison, particularly prison arson.

I also want to also commend the Government on behalf of the Committee for the K32 million ward SIP funding for next year. I'm sure my people of East Sepik particularly the ward members would be very please and indeed all the wards members throughout Papua New Guinea for this funding.

Finally, on a personal note, I wish to commend the Government for the funding of the Gender-Based Violence (GBV) and the Sorcery related Violence Secretariat for the first time in 45 years, thank you.

Mr Speaker, it would be remiss of us as a committee not to point out the challenges and suggest some improvements in the 2022 Budget implementation. Funding the budget on time has been a significant challenge in the past and remain so this year and we think it would be the same next year.

For instance, in my province, the Government was gracious enough to give us K62 million in the Budget funding to fix our roads as result of the Loloata Budget Reform Agenda. Much of this funding has been late in arriving and in fact, a lot of the work is just starting in the final quarter of this year and I am sure it's the same in other provinces and the respective districts. We need to fund those activities a lot better and prioritize better.

The ransomware attack on IFMS is not helping and a lot of our people think that this money is being spent now because the election is around the corner and this is very unfortunate.

Mr Speaker, we see an urgent need to increase oversight, accountability and performance management in relation to Budget implementation. Record amounts of funding are now going down to agencies, provinces and districts. We feel the Parliamentary Committees, including our Parliament Committee needs to meet every quarter to review performance of Government, something we have not done in many decades.

Mr Speaker, Parliament must always have oversight of the Budget. We spend too much time managing projects in our respective districts and provinces.

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In our questions to Treasury and the Department of Planning and Monitoring, they have told us that they have done no checks on project implementation in the last four years.

Mr Speaker, that needs to change in the future, checks and balances are important so that we can measure if all these funding is actually improving the lives of our people. We strongly recommend a move to block grants for all provinces in the near future and we would like to task Treasury and Planning to look at that. We note that the Autonomous Region of Bougainville is already receiving block grants. The bottle necks due to procurement delays, the inability to resolve IFMS issues and the continued reluctance of BSP to honor legitimate cheques in the payment of goods and services is also adding to the difficulty in implementation. As I stated earlier it would improve governance estimates, if the plans and committee were properly funded, so that we can call them and ask them to go down and check if projects are done properly, implemented properly and that there is value for money for our people. That is a change that needs to occur beginning next year, Mr Speaker.

I note that parliamentary committees are not sufficiently funded again in next year's budget. That is something I hope the Prime Minister and Treasurer will rectify going forward. Mr Speaker, as we focus less on legislation and governance and we spend more time on project management. We need to improve our systems of governance. Whilst we see these difficult

challenges which are not new, we feel that the 2022 Budget is a fair budget and that it represents the honest appraisal of our potential finances for next year and it provides space and relief for many of our citizens. We have to spend money more wisely. We have to implement better and we have to have better monitoring and governance over our implementation.

Mr Speaker, in closing, on behalf of the people of Sepik I thank the Government for its continued support for our rural roads program and in particular to the Angoram district, which is our largest. I have made numerous calls on this Floor for more funding for Angoram, Ambunti-Drekikir and Wosera-Gauai due to their significant site. The additional K35 million for Angoram this year is timely and I hope we can see some early outcomes. I note that there is a K23 million cut in our grant. But, Mr Speaker, we are more than fairly compensated in the PIP budget. I want to also thank the Prime Minister on this Floor for his commitment to the people of East Sepik, for the improvement of our high school, the work to be done at the Grand Chief Sir Michael Somare Bainik University and of course our land mobilization, which also includes our resettlement work for the Murik Lakes due to climate change.

Mr Speaker, that money is now in our account and I wish to place on the record our deep appreciation to the Prime Minister. In 2022, Mr Speaker the Sepik people will receive over K300 million in PIP from the Marape Government. There is distortion due to the Sepik coastal highway upgrade, which is part of the Connect PNG program. The Sepik people are indeed grateful and we thank the Government for recognizing our greater Sepik economic vision. On behalf of the committee we commend the Budget to the House.

Mr CHARLES ABEL (Alotau) – I also rise to debate on this very important Budget Bill before us, but before I do so, it would be remising of me to not to mention how saddened we are at the passing of one of our colleagues in Parliament, once again the Honorable Jonny Alonk, Member for Middle Ramu

13/08

Including him, there has be five deaths in this term of Parliament. It is therefore becoming concerning and I want to encourage leaders to take good care of their health and if possible, consider taking the vaccine.

Mr Speaker, on behalf of my people of Alotau and Rabaraba District, I pass my sincere condolences to family and the people of Middle Ramu on the passing of our good late Member.

He was a wonderful member of the team who always had a smile and who was always positive. He will be sadly missed by Parliament and by his people.

Mr Speaker, coming back to the Budget, I also want to join my Deputy Chairman of the Parliamentary Committee on Gender-Based Violence (GBV) to thank the Government for recognising this issue. I thank them for establishing this committee. I thank the Treasurer for responding to our calls to fund the rhetoric and the 10-year strategy on Gender-Based Violence and for allocating funding of K7.93 million towards the establishment of the GBV Secretariat in the Department of Community Development.

Mr Speaker, we did ask for K37 million over five years, which the Treasurer is aware of. That full funding envelope wasn't funded but we are grateful for the K7.93 million. As long as that money is actually received as shown in the Budget. The critical factor is when the money actually comes through and hits the bank accounts. The point, the Deputy Chairman is making is that late receiving of the funds or partial receiving of the funds or not receiving at all is an issue.

Mr Speaker, in terms of the funding of GBV, we had some requests for funding for the police administration specifically for the family section on violence unit within the Police Force and very importantly for the Office of the Public Prosecutor to support them in this exercise. Unfortunately, these funding were not met or increased.

Mr Speaker, the real solution to this GBV problem is not in money but found in our attitude. Real men don't beat up or sexually abuse women and children. That's what cowards do. I encourage all men to stand up and be real men. Defend your women and children and do not take advantage of them.

Mr Speaker, on a positive note, I support the intentions of the Non-Tax Revenue Administration Bill to bring the revenue from statutory authorities into consolidated revenue directly. We tried to do this previously under the PMMR legislation but that was subsequently challenged in court. We attempted to do the same thing to compel statutory authorities to give the surplus money into the Budget directly while at the same time allowing them to collect some money and keep to incentivise them. However, it was challenged in court and deemed unconstitutional.

Mr Speaker, this is the correct approach towards reinforcing the Constitutional budget process and the oversight and mandate of Parliament. Initiatives however, that divert large amounts of government funds into corporations or trust structures like the Kumul structure or the newly created Connect PNG trust fund structure undermine the budget process and role and scrutiny of Parliament.

Mr Speaker, the Government is today looking for funding and we are running record deficits and debt levels whilst literally billions of Kina of our dividend revenue from the PNG LNG project flow into Kumul Petroleum and they are sponsoring sports tournaments and buying medical equipment. Our good Governor of East Sepik talked about us having no choice but to borrow; of course, we have choices. We have choices to try and get the projects up and running. We have choices to better extract existing revenue that is flowing into other parts of the government structure and not here into this Budget. Therefore, to say that we have no choice but to keep borrowing is not true.

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We are just ignoring some of the low hanging fruits and the revenue sources that are before us and these are mistakes of the past. The Prime Minister know, I have argued again and again over the structure. He is sitting right there and he knows my position. I keep repeating and I will continue to repeat it because it's the truth. It's not about which government it is, it's about what is best for the country.

Mr Speaker, I repeat here again two simple points that would save PNG literally billions of kina.

(1) Take our revenue from the resource projects mainly from an export-based royalty or tax rather than equity or shares. This means we will avoid having to borrow hundreds of millions of Static-Kina by the State. Most of our early revenues are then consumed by the loan repayments interest costs and legal fees on these borrowings.

(2) Collect the revenue directly into consolidated revenue and a smaller portion into a proper sovereign wealth fund rather than filter it through other expensive structures that pay us dividends only after all their deductions and parallel programs; programs that the government should be running but are instead run by other entities.

Mr Speaker, I need to point out here as well that Volume One of the budget books was not tabled in Parliament and was then pushed under our office doors only yesterday. This deliberate withholding of the most important budget book is not acceptable. It just makes us suspicious that the Treasurer's speech may not match the actual numbers from Treasury. The Treasurer is always talking about fake budgets so he should lead by example and not hide this important information,

Mr Speaker, this is of course an election budget and the Government always comes under tremendous pressure to satisfy everybody in an election budget year. I note that there is close to K3 billion parked in the central agencies of the Department of Prime Minister,

Planning, Finance and Treasury under such broad titles as "Rural Roads", "Rural Infrastructure" and "Special Intervention Program", with little details, Parliament may recall bad experiences from the past when large amounts of funds were centralized and generalised, as well as the undermining of the implementing agencies. These funds were rolled into trust accounts and disbursed at the discretion of Ministers with very little to show for it at the end of the day.

Overall, Mr, Speaker, K22 billion in total expenditure including K6 billion in borrowings is simply not realistic. Revenue is not going to suddenly jump by K2.5 billion, even if the Porgera mine was to start next year, most of the revenue will go towards our share of the start-up costs and increased equity, the down time and start-up costs are already at the one-billion-kina mark. This is apart from deductions to pay for our increased equity.

Where is the K6 billion of debt financing going to come from? We have already borrowed K18 billion in two and a half years and we are now asking for another K6 billion from our financiers. If I did this to my bank they would simply say, 'you are already over the limit'.

In 42 years of Independence, we built a debt stock of K28 billion. In the last three years, we have almost doubled this. The obvious concern is that we will be pressured into printing money from our Central Bank.

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We have already increased the Government's overdraft at the Central Bank to K1.5 billion. We have already asked the Central Bank to take up more government bonds and the Government today is currently reviewing the *Central Bank Act* so that they can better follow political directions. Undermining the independence of the Central Bank, maybe because we are preparing to force them to lend more money to the Government.

Mr Speaker, combined with low foreign currency level, no direct foreign investment and borrowing more from the Central Bank, which is the same as printing money; this would place extreme pressure on the value of the Kina to fall and then lead to massive rises in the costs of good and services to our people.

Mr Speaker, with all the disruptions of an election year and together with all our project delays, some of the legislative changes and reviews that we have done, some of the political slogans that we have used; of course the effects of Covid-19 and the private sector confidence being at an all-time low, I see the budget as being unrealistic and we will be subjected to hear another supplementary budget next year.

Mr Speaker, remember, we have already had three supplementary budgets under our Treasurer. Every budget he delivers must always have a supplementary budget to correct it and this 2022 Budget will also need another supplementary budget. He is so famous for talking about fake budget.

Mr Speaker, I want to point out another matter which is relevant to our desire to take back PNG. We all want to take back PNG. Our financing plans continue to rely heavily on the kindness and generosity of our friends like Australia, Japan and institutions like the World Bank, ADB and IMF which in turn are funded by the developed countries like United States and China. We claim a lot of credit for this funding.

At the same time, we shut down and delay projects. We make it tougher and tougher for investors and at the same time we rubbish financing like our first ever government sovereign bond issue.

Mr Speaker, actually the sovereign bond success including earning three global awards for best emerging market sovereign bond was Papua New Guinea standing on its own feet, based on economic plan and outlook and raising capital in the difficult commercial market. This would simply be impossible today, even the current performance.

Mr Speaker, I do not think our total dependence on the IMF and the World Bank today, is something to be particularly proud of.

Mr Speaker, it is concerning also that I come back to this important point which the Governor of East-Sepik has also raised, that we are now implementing ad hoc revenue raising measures like companies' specific flat levees, such as the K195 million on BSP and K95 million on Digicel. This is not only in 2022, it is every year index which also grow every year.

Mr Speaker, I also agree with Governor Bird that we need to understand the wider implications when we make such decisions and seeking short-term solutions. It is the same principle as reversing the former government's decision to lower the excise tax rate on alcohol and tobacco. This lowering of the tax rate actually increased revenue by reducing illicit or black-market trade and encouraging the formal sector.

When the new government came in, they rushed to increase the excise tax against thinking that raising the tax would raise revenue. In fact, the outcome was exactly the opposite. Exactly the opposite. We lost hundreds of millions of kinas in tax and revenue was lost. The Government in this budget now is reversing that decision, realising that mistake.

A similar thing happened in the log export levy on the forest sector. The previous government had already increased the log export levy and the new Government had increased again, thinking they would raise revenue. The result was the close of the industry and the loss

of thousands of jobs. We just need to understand the implications when we rush and make decisions for short-term interests.

The levy on BSP and Digicel has implications on an already depressed private sector. These two companies contribute a lot indirectly into the rural communities through their branch, tour and network which mainly are not economical; they are subsidised by the company.

BSP employs thousands of Papua New Guineans which pays hundreds of millions of kinas in taxes and most of the profit goes back to the superannuation funds and the government Companies or entities like Teachers Savings and Loan Society and the Defence Force and benefit funds are the shareholders of BSP.

Mr Speaker, I fear that the wider impacts of this levies will far-out widen the short-term revenue gain. The Trade Union Congress is correcting and standing up for its workers and demanding that this levy be withdrawn or even its budget be withdrawn.

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Mr Speaker, I would like to quote a paragraph from Dr Thomas Webster, the former Director of the National Research Institute, which is actually in the newspaper today and he said; to conclude the propose super profit tax on banking and telecommunication is bad for business. the consumers and the nation at large. Bad for business, as it will destroy the business, bad for consumers as it will increase the cost of banking and telecommunication services that are desperately needed in the 21st Century and definitely and show in a sprawling country where communities are separated by rough terrain and many languages and large distances. And bad for the nation since the super-profit tax will tax successful businesses forcing their competitors to strive for mediocrity, is this what our leaders want and that's from Dr Webster.

I always appreciate the flowery sediments of the Treasurer and the good noble intentions of our Prime Minister, but I am deeply concerned about the long-term damage that we have done to our economy and our standing as an investment destination and of course our massive debt level.

Mr Speaker, the 2022 Budget is really just about more debts and more uncontrolled planning and it's the same as the last three budgets. Not only that, but the Treasurer has now abandoned the five-year Medium-Term Fiscal Strategy and created a new 13-year fiscal plan.

Mr Speaker, the reality on the ground is that life has got much tougher for ordinary citizens in the last three years. It seems like this short-term pain for them will continue.

Mr Speaker, may God give us wisdom to better learn from our mistakes, thank you.

Mr RAINBO PAITA (Finschhafen - Minister for National Planning and Monitoring) – Thank you Mr Speaker for giving me this opportunity, before I contribute in this debate, I firstly want to pass my condolences to the people of Middle Ramu for the death of Honourable leader, late Jonny Ananias Alonk, may the good Lord grant them peace at this time of sorrow.

Mr Speaker, I take note of other presentations by the Shadow Treasurer and Shadow Minister for National Planning and Monitoring.

Mr Speaker, I want to put on record that the allocations in National Planning which he is referring to in terms of district roads; mind you, Mr Speaker, all of us understand the reality of the politics that exist between the district members and governors. So, when it comes to disbursing funds year-in and year-out, governors and members don't agree amongst themselves. Sometimes 80 per cent of us on this Floor don't work in harmony with our governors and our district members. So, what we have done is allocate funding straight to the districts and there you find 131 roads straight for the districts allocated under the District Roads Program. You can see that in the PIP Budget; the roads in Alotau, Ramu-Henganofi roads, Baiyer- Madang roads, regardless of where we sit in this House, these 133 roads fall under the roads program and the allocations are for these interventions.

And in my experience, in the one year that I have served in this office governors front-up and say, this is my road. So, what we have done is that a provincial road is between two districts and a district road a road within a district and that's how the allocations are made so I just wanted to clarify. So that we don't put it out of context by claiming that we are centralising all PIP Programs within the National Planning, it's not that, it's to make it easier when disbursing funds. That is why we created this program.

It is a great responsibility and honour to serve in a House with like-minded leaders to transform our country. As some say there are no perfect men in this world, but only men with good intentions and I believe some of us on this Floor are men with good intentions.

Mr Speaker, the 2022 Capital Budget is a critical component of our National Budget. And the theme of our budget is 'lightening the People's Load and Unlocking the World Economy'.

Mr Speaker, by focusing all investments and interventions this will unlock the great economic potential of our economy, especially the rural areas which allow our people to have access to basic services that they can afford and participate in their fair share of nation building.

Mr Speaker, for too long we have had huge disparities within major cities and rural villages; Port Moresby in the National Capital and Malamanda in places like Angoram, Wangaipicint-Gangmai in Usino-Bundi, few provinces and districts have been moving ahead

whilst most are stagnant due to many factors but mostly due to unequal and unfair distributions of funds.

Whether it be governments funds, donor aids, loans or grant, without an element of fairness there will always be inequality in development, inequality in opportunities and in natural contribution. The common principle is that development must be inclusive.

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Mr Speaker, just the same as whether you are from Paiyala or Pindiu, we are all entitled to funds like the DSIP and PIP funds, except for programmes and projects aimed at securing Economic Hubs like the major resource districts and provinces so as to add value in contributing revenue.

Mr Speaker, without fair distribution of projects, especially Public Investment Programs (PIP), there will also be those that have access to contribute to the economy and those that can contribute but do not have the access and the roads and support systems to build. Building the Nation is everyone's business whether it is in the public or the private sector, when the nation is safe, healthy and wealthy, we can all enjoy in the safety and abundance of our hard work.

Mr Speaker, this Budget looks to address the burdens of our people who are in the cities by trying to seal town roads and is also intended to impact the lives of our people in the most remotest of places like the Sewan-Wanuma area in Sumkar district, the Duke of York Islands in Kokopo, Hote in Huon Gulf, Lassul Bay in Gazelle District, Mendiomen-Naglipem in Maprik, Chrime valley in the remote areas of Goilala, Palopa in Erave, Simsimla Island in Kiriwina - Goodenough, Wara Nene-Fiyak-Yawa-Ibil and Oksapmin in Telofomin, Maramuni people of Wabag, Tamata-Kira LLG, Biage people who are in Kokoda LLG, people from Gaira in Mugumat Yakiba, Alamani LLG in Bogia, Bosavi People of Southern Highlands, Gulf, the Last Papua people, Jimi/Kambia, Karamiu, people who live along the rivers of Kawara, Korzuba, Wage, Lau, Burum and the corner places on the fringes of our beautiful country.

Mr, Speaker, the 2022 Capital Investment Budget stands at K8,751.6 million. This shows a significant increase of 28 per cent from the 2021 Capital Investment Budget of K6,831.7 million. We know that these are difficult times for any Government in the world. Ask any Government in the World and they will tell you, the major difficulties and challenges in fighting an unseen enemy and life under a new norm to live and do business in unprecedented times.

Mr Speaker, thus, this Budget is framed against a very tight fiscal environment induced by the prevailing Covid-19 global pandemic, which continues to affect economies globally, and PNG is no exception. With the impact of Covid-19 across the region, our economy continues to show signs of resilience, thus the need to reconstruct the economy to further strengthen the foundations for economic growth in times like this.

Mr Speaker, it is against this backdrop that we are structuring this budget to make strategic interventions to support our Government static to keep the economy afloat, create jobs for our people in all sectors, and ensure quality services continue to flow to rural communities ensure our small and medium Enterprises (SMEs) remain in business and most importantly the livelihood of our people is strengthened and maintained throughout this period.

Mr Speaker, our efforts as a Government to grow the economy and be economically independent remains high on the agenda. The agenda which built the foundations of this Government, the agenda of taking back the resources of our country from the forces outside of this House and (inside this House) who have dared to give it to them served on a golden plate. The agenda of attaining the fullest form of independence-economic independence is the end-game. Since the Eight (8) Point Plan by the founding fathers of our nation, we accept the lost times, we accept the lost opportunities, the lost dreams but we now do not accept status quo anymore. We will grasp every single opportunity now to reconstruct our own destiny of what should have been, if we hadn't been complacent and content with just being rent collectors in our own land. This is the development agenda we hope to work towards as we fight for our fair share on the table and not beg for crumbs on the floor as we've always done. This is not a foreign revolutionary idea.

Mr Speaker, the dream to take back more and be economically independent is entrenched in our National *Constitution* and in alignment with the PNG Vision 2050, the Medium-Term Development Plan III and the 2030 Agenda for Sustainable Development all aimed to better deliver socio-economic prosperity for the country and become a middle-income country by 2050.

Mr Speaker, the Capital Investment Programme is the key expenditure plan of Government that is structured to deliver its economic development priorities come 2022. It aims to drive progressive sustainable growth, and share its tangible development benefits equitably and strategically to realise the vision of the Marape Government. We are confident that through the process guided by statistics of our track record in the two years, we have undertaken to prepare the capital component that we are pushing out to the districts and provinces and setting the building blocks and the fundamental components in rebuilding PNG.

Not just Boulevards in Waigani, but new district hospitals in Buin and Bougainville, not just infrastructures for leisure but infrastructures like canneries and utilities to process all the millions of fish we lose each year due to illegal fishing. The need to process all our gold here in our national refinery, the want to print all our money in our own national mint, the need to have the best health care system for our own mothers and fathers, for our children. The need to create more industries to absorb the many young men and woman who graduate from our institutions, the need to preserve the local industry for our own indigenous people. The need to create more SME lending facilities in commercial banks where we do not pick and choose who we give loans to.

Mr Speaker, all these are critical for our country, they need to invest in our health facilities, the best health facilities like the Cancer facilities that we are investing on.

Mr Speaker, these are the foundational pillars that should be there to protect and harness the full potential of our country.

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But implementing these policy directions versus the fiscal challenges we have before us at this time requires us be on a planned path, to be on a projected vision and plough towards it. The vision is big, Mr Speaker, but this Government is strong and committed to the cause.

2. Policy Rational of the 2022 Capital Investment Budget

Mr Speaker, the PNG Vision 2050 expresses the aspiration for PNG to be a 'Smart, Wise, Fair, Healthy and Happy Society by 2050' and be in the top 50 countries in the Human Development Index (HDI) ranking. The PNG Development Strategic Plan (DSP) 2010-2030 envisions PNG to be a 'middle-income country' by the year 2030.

The Medium-Term Development Plan (MTDP) I (2011-2015) and the bridging MTDP II (2016-2017) and MTDP III (2018-2022) translated the Vision 2050 and DSP 2030 into more specific programmes for implementation over the relevant five-year period. Both plans focused on building the enabling environment through appropriate investments in social, economic, law and order and transport infrastructure. During the implementation period of the three (3) Medium Term Development plans, the Government invested significantly in Tuition Fee-Free Education, Free Primary Healthcare and other key enablers. There was also notable progress made in other sectors as well.

Mr Speaker, some of the key outcomes of the Review of MTDPs I, 2011-2015 and the bridging MTDP II 2016-2017 shows that:

• Our current economy is too small and we are not able to generate sufficient internal revenue to adequately fund the needs of our population which has quadrupled since Independence and continues to grow at an alarming rate of 3.1 per cent per annum;

• PNG will continue to struggle to meet the requirements of our growing population unless we grow the internal revenue significantly and also succeed in managing the population growth to a more sustainable level;

• There has been an over-reliance on non-renewable resources;

• The quality of our education has declined considerably in recent years from tertiary, secondary, high school, to primary Schools, particularly in the areas of English, Science and Mathematics.

Mr Speaker in any country, these are the building blocks for advancement for human development and technological transformation;

PNG has focused less on disease prevention but rather used more resources on the disease treatment especially in primary health care. We have focused less on improving health services in our rural districts and communities. Only five per cent of the capital budget has been spent in economic areas over the previous medium-term plan. And MTDP III intends to invest more in the economic sector activities to generate adequate revenue. PNG has lost out on significant capital investments opportunities by optimizing our gains and the management of development cooperation through funding programs that we have.

Our law-and-order problems and the high cost of doing business in Papua New Guinea continue to be major concern. Our Defense Force is inadequately equipped in attracting private sector investments in critical sectors; and our Defence Force is not adequately equipped to assist in national disasters and in callouts by the Government because it lacks air capabilities like helicopters and its own planes.

Despite all our challenges, Papua New Guinea has vast economic potential to grow our economy and increase the revenue base significantly as we focus in investing to promote inclusive growth.

Mr Speaker, many other challenges lie ahead of us as a nation of a million tribes and our history has also shown us that we a resilient people blessed by God himself for generations.

Mr Speaker, we are in pursuit to improve the quality of our life and that of every Papua New Guinean, may it be a boy in Normad rivers of South Fly in western province following his father around or even a mother trying to look after her son in the mountains of the Nembi plateau, this is in line with the motto of leaving no child behind and my department has done consultation to ensure every village, community, district and province is in the planning and funding process. The planning department has progressed the MTDP review to assail our commitment to its implementation.

Total export value increased by K3,476 million, which is 10 per cent above the 2019 target;

Tuna exports receipts more than doubled, increased by 109 per cent above the 2019 Target; TB incidence rate dropped well below the 2019 target by 19 per cent; the percentage of children under I-year immunized against measles exceeded the 2019 target by 143 per cent; the number of rural airstrips rehabilitated to basic safety standards exceed the 2019 target by 49 per cent; proportion of population covered by telecommunication services (voice & data) improved above the 2019 target by 134 per cent; Access to electricity on target at 17 per cent of the population in 2019; Proportion of both rural and urban population using an improved water source is below the 2019 target by 18 per cent and 9 per cent, respectively; Total number of students graduating from tertiary institutions exceeded the 2019 target by 32 per cent; Proportion of national roads sealed and maintained fell short of the 2019 target by 11 per cent; Proportion of ports meeting maritime safety standards and compliance dropped below the 2019 target by 57 per cent; Proportion of the country's border manned by defence is short of the 2019 target by 46 per cent; and the number of DDAs operating at full capacity is 12 per cent short of 2019 target.

Mr Speaker, we need to take advantage of what we already have, our location in this region, in this part of the world part of the Pacific family and part of Asia. We are blessed more in terms of agriculture (huge potential in the Sepik plains), fisheries (Manus to Musau), forestry (Oro & New Britain Provinces), tourism (Milne Bay & Others), oil and gas (Hela, SHP, Gulf & Western), micro, small and medium enterprises, and the under-developed and undiscovered mineral resource deposits we have in our country but more so, our greatest undervalued and underutilized asset, our People, the citizens of this great country called Papua New Guinean. Let me assure this House that in the mineral

The current circumstances with the global pandemic, COVID-19 and the Delta Variant, has challenged the health system of Papua New Guinea to a great extent that requires innovative approaches and investments to tackle this ticking crisis. This great problem has also

exposed our deficiencies in the Health sector, exposed the lack of priority and budget appropriation to fix the health sector in previous governments. Thus, in this budget we are aiming to rebuild from the ground up, what we hope to see a new health system for our people, new health infrastructures that will ensure we get quality health care in the country instead of expensive trips overseas to try to get in country treatment including a complete fully funded state-of-the-art Cancer Facility with the K50 million in the 2022 budget now, specialist hospital along the proposed Central Provincial Hospital at Bautama, a standalone Medical university-relocating the School of Medical & Health Sciences and maintaining to the optimum level the existing systems and infrastructures.

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Therefore in this Budget we are aiming to rebuild from the ground up what we hope to see a new health system for our people, new health infrastructures and make sure we get quality health care in this country instead of expensive trips overseas such as K150 million we are allocating for the cancer facility, hospitals like the proposed Central Provincial Hospital at Bautama, a stand-alone medical university- relocating the School of Medical & Health Sciences and maintaining to the optimum level the existing systems and infrastructures. I cannot emphasize more our appreciation for our bilateral and multilateral partners including philanthropic agencies, civil society organizations and the private sector. We will continue to work with these partners to ensure that great alignment with PNG's planning frameworks is continued and strengthened through our mutual-agreed country partnership.

(3) The Budgetary Impacts on the Implementation of the MTDP III and Capital Investment Budget Trending

Mr Speaker, let me give you an outline of the budgetary impacts on the implementation of the MTDP III and the Capital Investment Budget trends. For the Government to effectively deliver on the key investment of the MT DP III and respective sector targets, we are required to appropriate on average K5.4 billion annually. In 2019, the Capital Investment Budget expended K6.09 billion. In 2020, this increased to K6.90 billion and in 2021, Capital appropriation was at K6.71 billion. In 2022, a total of K8.75 billion has been allocated for the Capital Investment Programme. This demonstrates the commitment and strong leadership of the Marape Government to ensure development priorities of this Government, along the targets we have planned, are being financed and delivered consistently.

(4) Marape Government's Policy Parameters for 2022

Mr. Speaker, the MTDP III 2018-2022 takes these challenges into account and builds on the national strategies with greater focus on sustainable and inclusive economic growth during this medium term. This Government is taking forward the following growth strategies:

- (1) Connect PNC;
- (2) Pacific Marine Industries Zone- Special Economic Zone (PMIZ-SEZ);
- (3) Special Economic Zones- Manus FTZ, Gazelle SEZ, Ihu SEZ etc;
- (4) Enabling Infrastructures- Ports, Airports, Jetties, district roads, provincial Roads;
- (5) Agriculture Price Subsidy;
- (6) Micro, Small and Medium Enterprises (MSME) Support Loan;
- (7) Financial Inclusions for Mothers Program;
- (8) Tourism Hubs;
- (9) Downstream Processing- (1) Forestry (2) Fisheries (3) Gold Refinery & Mint; and Educated and Technically Skilled Labour Force.

Mr Speaker, our efforts as a Government to grow the economy and be economically independent still remains high on our agenda. This budget has been framed within the key policy parameters of the National Development Plans and taking into account the Loloata Accord of the Marape Government. We are confident that this budget will continue to build on the gains that our Government has had over the last two years since we took office. This is a policy driven budget that will create impact across all sectors and will deliver positive results for our people. With the support of all our stakeholders in Government, private sector, development partners, churches and other civil organisations, collectively we can progress the agenda of our Government effectively.

Mr Speaker, as we head into 2022, the key rationale for the 2022 Capital Investment Budget is our continued focus on the development of quality economic infrastructure to link the provinces and particularly the rural areas throughout the country. We will fund investments that will support economic growth and create more opportunities for our citizens. We will continue to give priority to enabling infrastructures for inclusive growth and increased foreign direct investments.

Mr Speaker, this Government continues to maintain the Provincial and District Service Improvement Programs (PSIP/DSIP) to support service delivery at the sub-national levels. The SIPS make up 10.1 per cent of the total Capital Investment Budget. It is important for all Members of Parliament to note that the PSIP and DSIP remains an integral part of the Capital Investment Program, which is also subject to compliance processes of monitoring,

evaluation and reporting, to ensure accountability and visibility to our people. But Mr Speaker, having said that, I want to thank this crop of leaders on the Government side on making a bold decision especially having been hit hard by the experiences of Covid-19 and the need to make national calls as national leaders and not just provincial governors or district members agree to cut 20 per cent of the PSIP/DSIP Funds to allocate that amount of K220 million towards rebuilding all provincial and district hospitals in the country, thus the increase in the health sector allocation in the Capital Budget.

Mr Speaker, one of our biggest challenge is the poor Human Development Indicators (HDI) we have compared to other countries in the region as well as across the globe. In 2019, PNG is ranked 155 out of 189 countries and territories which puts PNG in the lower medium human development category. While some progress has been made in terms of this ranking, there is still a need for the Government and all our development partners who come in to support PNG's development efforts need to reflect on the lessons of our past efforts and strategize on our development approaches going forward.

(5) Composition of The 2022 Capital Investment Budget

Mr. Speaker, let me now outline to this House the structure and composition of the 2022 Capital Investment Budget. The aggregate Capital Investment Budget for 2022 is K8,751.6 million. This shows an increase of 28.1 per cent (or K1,924.4 million) compared to the 2021 original appropriation of K6,831.7 million.

The 2022 Capital Investment Budget comprises of Government's Direct Financing of K5,858.3 million (67per cent), Concessional Loan Financing of K1,318.40 million (15 per cent) and donor grant financing of K1, 574.9 million (18 per cent).

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Mr Speaker, I would like to place on record our Donor Agency that have contributed and increased the grand component in our PIP, this year.

Mr Speaker, the Infrastructure Tax Credit Scheme (ITCS) in 2022 will complement the Government budget to deliver key infrastructure projects to relevant districts and provinces. I will now present the sectoral priorities of this Government for a better understanding of how we have spread the resources across the different sectors.

Strengthening the Economic Sector

Mr Speaker, the Government is aiming to grow the economy through the economic sector targeted towards:

(1) Fisheries – K 100 million in the PMIZ, which is an ongoing commitment to fund another K300 million in 2023 (K200 millions of NFA Internal Revenue and Go PNG PIP K1 00 million) until it is completed at an estimated cost of K1 .2 billion towards the end of 2025.

Mr Speaker, from the six (6) canneries in PNG, they employ about 13,000 people, however, once this PMIZ is complete, it will be looking at employing 40,000 people which is a massive Job Creation;

(2) Agriculture and livestock- price stabilization and freight subsidy;

(3) A total of K80 million has been allocated through the sector to support the coffee, cocoa, coconut, fresh produce and oil palm industries, particularly targeting our smallholder farmers, with a strong focus on downstream processing;

(4) Forestry – down streaming processing, such as the Gazelle Timber Processing Zone in the Lasul Banning area. The project site is located in one of the most isolated rural areas where no major infrastructure has been seen in the last 46 years, but it hailed nothing, all the plantations that in the colonial days reaped millions of kina and nothing ever has been given back to landowners. Hence, finally under the Marape Government, we have started the downstream processing plant and as we speak, the infrastructure is now being built in partnership with private investors and the district government.

(5) Others include tourism sector support, a massive land acquisition program, further development of the extractive industry and supporting the Micro, Small to Medium Enterprises (MSME) for the country to create wealth, ensuring greater benefits to Papua New Guineans from mining and petroleum resources, generate revenue and fund its development programs.

This sector has been appropriated K650 million which makes up 7.4 per cent of the total Capital Investment Budget.

The Government is also providing appropriate support to programs that promote environmental sustainability, increase the communities' resilience to climate change, and protecting our natural assets and biodiversity.

(6) Connect PNG through the Transport Sector

Mr Speaker, the Government has embarked on an important connectivity programme branded 'Connect PNG', which is building and expanding critical missing infrastructure assets such as national roads, wharves, jetties, airports, airstrips, focusing on new road corridors, information and telecommunication network and electricity access to the majority of our population which will connect Alotau to Vanimo, Alotau to Gulf, Gulf to Southern Highlands, Enga to Sepik and the other roads such as East New Britain to West New Britain and Tabubil to Teleformin.

Mr Speaker, on record from the Department of Works, the PNC Led-Government built an estimated 3,000 kilometres of roads in eight (8) years –

Mr Belden Namah – Point of Order! Mr Speaker, time has run out on the Minister for Planning and Monitoring. Thank you.

Mr SPEAKER – Honourable Opposition Leader, I acknowledge your point but it is in the discretion of the Chair and I think that the Minister's Speech is important so I will allow him to continue. Thank you.

Mr RAINBO PAITA – Thank you, Mr Speaker.

The Marape Government has built 1,900 kilometres in Connect PNG roads and estimates a further fifty (50) kilometers of roads for each district, province and with the Special Intervention Program on an average of fifty (50) districts, they will have done 2,500 kilometres plus the 1,900 kilometres of Connect PNG roads.

Mr Speaker, that is a startling 4,400 kilometres of roads built in two years. This is the fact and these are statistics from the Department of Works.

(Members yelling in the Chamber)

Mr RAINBO PAITA – I cannot emphasize enough the importance of transportation in the socio-economic development of the country. At the aggregate level, efficient transportation system reduces costs in many sectors of the economy, while inefficient transportation system increases these costs.

Mr Speaker, I would like to point that the East and West Sepik Highway which connects to Vanimo is also a key component of this road.

When transport systems are efficient, they provide economic and social opportunities and benefits that result in positive multiplier effects such as better accessibility to markets, employment and additional investments. When transport systems are deficient in terms of capacity or reliability, they incur economic costs such as reduced or missed opportunities and lower quality of life.

Mr SPEAKER – Honourable Leader for Government Business and Minister, I just got clarification that the *Standing Order* does not allow for the Budget Speech to be extended.

You will have to seek leave to incorporate your speech in the *Hansard*.

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Mr RAINBO PAITA – Thank you, Mr Speaker, I ask leave of the Parliament to have the rest of my speech incorporated in the *Hansard*.

Mr Speaker, I support this Budget, and all in all, to conclude before other colleague members present their budget speech, this Budget is fair and it's not an election Budget. If you go through the PIP funding allocation all the members are included in this Budget; it is not an election Budget, to be vindictive. It's a Budget that includes all the members and all our people, therefore, I commend this Budget.

Leave granted.

The rest of the speech reads as follows:

Investment in the country's infrastructure including roads, energy, communications, water and sanitation, and ports are prerequisite to the overall socio-economic development and well-being of the country. The Marape Government made a deliberate and conscious decision to approve the 20 years Connect PNG Programme to be implemented in three phases.

Phase 1 - 2020-2027 to deliver 5,731 km of national roads and 2,700km of provincial trunk roads, Phase 2-2028-2034 to deliver 6,000km of roads, and Phase 3-2035-2040 to deliver 3,000km of roads. The Programme brings to the fore all the other infrastructure development plans to support and drive its broad-based sustainable economic development and growth strategy. The Connect PNG's main objective is to achieve 100 per cent road connectivity for PNG by 2040. For example, the mainland to be connected by road so that one can drive from Wutung Border-Post in Sandaun Province to East Cape in Atotau.

Mr Speaker, as we speak, there is work in progress to connect Momase and Southern Regions via Morobe-Gulf-Central and NCD. Similar works underway to connect the Highlands and the Southern Regions through SHP-Gulf-Central and NCD. On the main islands, roads will be delivered appropriately to connect all the communities. For example, East and West New Britain are being connected through the New Britain Highway. Other Highways such as the Fly Border Highway and Baiyer-Madang Highways are part of the flagship programme for the Marape Government. PNG will never be the same again once this Programme is fully implemented.

Mr Speaker, the roads ultimately connect resources of investment potential to investors, they connect farmers to markets, they connect school children to schools, they connect the sick to health facilities, and there is increased interaction among the people. It reduces the overall cost of doing business in the country.

Mr Speaker, in terms of financing, the Government is legislating a 5.6 per cent of the annual revenue projections for this programme so that Connect PNG does not remain a dream like any other Plans and Strategies of the past Governments. This will secure and quarantine K1 billion per year as the individual road project areas already have multi-year activities that will be delivered between three-to-five-year timeframes.

Mr Speaker, there are approximately 30,000 kilometres of roads in the country. Of this, 8,740 kilometres consist of national road networks and 22,000 kilometres are provincial and district roads. The National Road Network (NRN) is the economic backbone of PNG and it carries about 89 percent of all nationwide passenger and freight traffic. As such, the NRN has reached a point where significant levels of investment are required to maintain the roads to acceptable conditions. The effects are felt across the country whereby vehicle operating costs are higher, travel times are longer and fatal accidents are more frequent. This has resulted in the formulation, endorsement and launching of the National Road Network Strategy 2018-2037 in 2019.

With the Marape Government's efforts in zoning our country into economic zones, the road network strategy therefore is a critical element to the formulation of the 2022 Capital Investment Budget. The Vaimo to Lae, Lae to Port Moresby through Bulolo, Gulf to Southern Highlands and Port Moresby to Alotau missing link highways are the notable transnational highways we have been taking a particular focus on since 2020 and now into 2022. Other missing links such as the East and West New Britain Highway, Western End Boarder Highway, Hela Juha Western, Hela Sandaun, Enga Sepik, Gembolg Madang, Okapa Gulf and the Baiyer Madang missing links have been prioritised in this Capital Budget.

Mr Speaker, greater resource allocations have also been steered towards maintaining and rehabilitating provincial and district roads, wharves and jetties, and airports and airstrips. With more than 80 per cent of PNG's population still based in rural areas, this will provide better mobility for our people, open up opportunities and the flow of goods and services that will directly stimulate economic growth and improve social indicators, accordingly.

When connected, Papua New Guinea should open up huge economic potentials that will create new businesses, create employment and greater private sector investment. The Connect PNG also includes the wharves and jetties to connect Maritime Provinces and districts. The

approved new ports under the Public Private Partnership program includes, Vanimo, Wewak, Kikori and starting next year the Manus Port under the Free Trade Program approved by Cabinet. Smaller jetties are vital for ease of movement and safety of boats as such we maintain funding of this program. The National Shipping Services will partner with provincial governments and district governments in the maritime areas on a Kina-For-Kina funding of purchasing vessels either for public transportation or commercial purposes, backed by the freight subsidy to assist such ventures in the first few years. The Transport Sector has been allocated K 1,183.14 million which makes up 13.5 per cent of the total Capital Investment Budget.

Mr Speaker, I take this time to acknowledge the consistent and increasing support of our key Development Partners to this sector. These include the Asian Development Bank, World Bank, Korean EXIM Bank, the Government of Australia, European Investment Bank, the People's Republic of China, and the Japan International Cooperation Agency. This Government has allocated a total of K522.0 million towards the Connect PNG program.

Heightening Efforts in the Utilities Sector

Mr Speaker, while we focus on the Connect PNG program, it is important that we continue to invest in improving the utilities sector through access to effective communication and information systems, provision of clean energy and powering up more homes, and addressing improved water supply systems and sanitation. These are critical to improving the quality of life for our people.

Key investments in the utilities sector include Port Moresby Grid Development Project and the Power Sector Development Project supported through the Asian Development Bank, and Extension of the Ramu System from Yonki to Mt Hagen supported by the People's Republic of China. It's sad to say but the 85 per cent people around Yonki-Arona Valley who are traditional landowners of the Dam area all do not have full access to electricity, so for the first time we are funding their rural electrification project.

Mr Speaker, the PNG Electrification Partnership between Australia, New Zealand, Japan, the United States of America and Papua New Guinea was a commitment signed by the 5 nations at the margin of the 2018 APEC meetings to achieve 70 per cent of the country having access to electricity by 2030. The Australian Government's contribution to the Edevu Hydro Electric Transmission and Electrification Project at Edevu in Central Province is a significant commitment and we will fund the road through the PIP Program as our contribution to the economic project led by private investors having financed this without asking for a State guarantee.

Mr Speaker, Australia is also supporting the Ramu 1 Hydro Power Refurbishment. The Government of New Zealand is implementing the Enga Electrification Project and the Government of Japan is upgrading the power distribution system of the I Ramu Grid. The utilities sector as a whole has been appropriated K544.36 million which makes up 6.2 per cent of the total Capital Investment Budget.

Mr Speaker, the Government of PNG is stepping forward with investments in the Rural Electrification Programme that will support the electrification of rural areas across the country, including rural telecommunications and rural water supply. This is an additional K40 million to the overall appropriation to the Utilities Sector. The need to increase the number of people having access to clean and reliable energy is a major concern for our country. We cannot be waiting forever and saying we want connectivity and energy accessibility without willing to break the cycle somewhere and find solutions with our partners through the newly established National Energy Authority (NEA) and big investors like Fortescue Future Industries (FFI), mid-size power projects that are bankable through competent feasibility studies with partners like SMEC or for rural communities, we put in place a program to fund smaller hydro projects that can power small communities, windmill for island communities or combination of power systems to ensure the increase access to energy.

Mr Speaker, the Digital Government that will transform what we themed during the APEC Summit the 'DIGITAL ECONOMY'. We are now allocating for the first funding to start the initial work on the digital government empowered by the Digital Transformation Bill before this House. This will see us automate most or all our services to more reliable and stable platforms like the Blockchain Platform which is a transformative new technology. This is part of the Open Government Program supported by the European Union and we look to bring other partners on board to lay the foundation for us to be a fully digital Economy by 2050. Also in partnership with the German Government, through OHB we have been in negotiation with the idea of PNG building (Germany, OHB), launching (Space X) and operating our own satellite called the Kumul Satellite 1. This will help us take charge of transnational crimes (monitoring planes smuggling cocaine into our country), border control surveillance, illegal fishing vessels fishing in PNG waters, illegal logging and deforestation; rates, rural direct satellite communication, E-learning in rural areas, E-Commerce, national dedicated/secured communication for our military/police forces and others. Initial budget funding is included to finalise the project. Ongoing support for the submarine cable which is a critical infrastructure is also maintained.

Boosting Investments in the Health Sector

Mr. Speaker, quality health services is central to the wellbeing of our population, our Health is our wealth. A healthy society equates to a more productive society and a growing economy. This Government's major commitment to support the establishment of health infrastructure in the districts and provinces is ongoing to ensure the optimum primary and specialised health care services are readily available at different levels. This major investment means that for the first time at the provincial hospital levels we will fund:

1. Autonomous Region of Bougainville New Hospital - K70 million;
2. Western Provincial Hospital - K 15 million;
3. Manus Provincial Hospital - K15 million;
4. Gulf Provincial Hospital - K 15 million;
5. Central Provincial Hospital - K 15 million;
6. Mi/ine Bay Provincial Hospital - K15 million;
7. Oro Provincial Hospital - K15 million;
8. Morobe Provincial Hospital - K15 million - [gam Barracks;
9. Madang Provincial Hospital - K 15 million;
10. West New Britain Provincial Hospital - K 15 million;
11. East New Britain Provincial Hospital - K 15 million;
12. New Ireland Provincial Hospital - K 15 million - Kavieng Hospital;
13. West Sepik Provincial Hospital - K15 million;
14. East Sepik Provincial Hospital - K15 million;
15. Eastern Highlands Provincial Hospital - K15 million - North Goroka UOG;
16. Simbu Provincial Hospital - K15 million;
17. Jiwaka Hospital - K 15 million;
18. Western Highlands Provincial Hospital - K15 million;
19. Southern Highlands Provincial Hospital - K 15 million;
20. Hela Provincial Hospital - K15 million; and
21. Enga Provincial Hospital (K56m to complete so we have completed one hospital in our time).

In addition, ten new district hospitals will be built on a lease back arrangement under a PPP Model. These will be level 4 hospitals under the District Hospital Program which will cost us K100 million a year for 12 years. Facilities will be valued at an estimated K60 million for each level 4 hospital. The Port Moresby Cancer Facility will be fully funded with the required K50 million to complete the state-of-the-art Cancer facility. The initial funding to start the

design and process of building a state-of-the-art National Specialist Hospital is also included in the 2022 PIP program which will be funded together with the need to build a stand-alone Medical University out of the School of Medicine and Health Sciences at the Taurama Campus, a major step for the development of our medical professionals who will in the future hold together the health system in our Country that we are positioning now.

Mr Speaker, allocation for Nursing colleges are also made in the Budget and I am asking Provincial Governments and District Authorities to co-fund Community Health Workers (CHW) Schools, health centers and community health posts. Health is a shared responsibility and I ask that all hands be on deck to fix, if not all than most of what we can do to ensure we rebuild this sector under the direct challenge of COVID-19.

Again, Mr Speaker, I take this opportunity to acknowledge the support of all our Development Partners in the health sector, which include the Asian Development Bank, World Bank, the Government of Australia, the Japan International Cooperation Agency, Ceska Erste Bank, and the United States Aid for International Development. The Government's collaboration with these partners demonstrates strong partnerships into the future for the sector.

The Health sector in 2022 will receive a total funding of K1 ,076.92 million to deliver quality health services at all levels. This makes up 12.3per cent of the total Capital Investment Budget.

Revamping the Education Sector

Mr. Speaker, working towards a sustainable, productive and responsible human development is critical for a competent and skilled population. For the capital investment budget in 2022, the Education sector is appropriated a total funding of K1 96.86 million.

In 2022, we are investing to deliver high quality education for lower to secondary, supporting teacher training to meet the standards and delivering adequate school infrastructure at these levels. The Government is also paying attention on improving infrastructures for Schools of Excellence, early childhood colleges, and Teacher's College Rehabilitation. The foundational 12 years of schooling for every child is important. Under the Department of Higher Education, Research Science and Technology, we are partnering with ADB on a K200 million facility to build essentially 10 new TVET colleges that will be aimed at training the workforce of our Nation.

Mr Speaker, at the tertiary level, we are focusing on our ongoing programs with universities, technical colleges, technical vocational education and with our development partners, supporting scholarships for the public and private sector. Also included is the feasibility study to have a standalone University for Public Service as a specialized institution

to educate, train, empower, and motivate young Papua New Guineans who pass out from schools and those who want to be career Civil Servants. After four years of studies, they will be contributing to Government policy formulation, innovation in public service delivery, creating efficiencies in delivering on Government policies and fully educated in the processes of Government, which sometimes coming directly from a private sector takes a delayed adjustment time. This is strong view as 45per cent of our current operational budget goes to personnel emoluments alone annually and since the massive investment in public infrastructures and institutions, the public service will continue to increase into the future, thus the need to train the public service for greater output and efficient service delivery. At the tertiary level, we are focusing on our universities, technical colleges, nursing colleges, teachers colleges and vocational education. Our development partners continue to provide scholarships for Papua New Guineans to effectively contribute to nation building and this Government will continue to support these scholarship programs for our citizens both in country and abroad.

Focusing on Improved Law, Justice and National Security Systems

Mr. Speaker, Law, Justice and National Security remains as critical enablers for social, economic and political development. Ensuring a just, safe, secure and stable environment for all citizens, visitors and businesses to conduct their affairs freely and protection of national sovereignty are fundamental functions of the sector. The need to create a safe and secure our country will remain a key priority of this Government.

Hence, the Government is committed to completing the Waigani Court House by next year, enhancing police infrastructure and correctional services infrastructure, supporting the Prison Industry Development Programme, investments in the PNG Defense Force (especially in key strategic areas of the country, and in specific strategic capabilities), and enhancing the justice system of Government.

The Sector will receive a total funding of K224.75 million. We also take this time to thank the Government of Australia for being a key development partner that is supporting the Government's effort in the Law and Justice sector consistently.

The Government's Foundational Programmes

Mr. Speaker, the Foundational Programmes were initiated by the Marape Government in 2020 as key components of the Loloata Agenda. They are embedded into the sectors I have covered and they stand out as bold and key initiatives of the Government to provide appropriate intervention programs to complement the current DSIP and PSIP programs in alignment to the Medium-term Development Plan III (MT DP III) and Provincial and District Development Plans.

In 2022, the Government's Foundational Programmes include interventions in Rural Infrastructure, Urban Infrastructure, Special Intervention Programme (SIP), Transport Sector and the Commodity Price Stabilisation and Agriculture Interventions. Special governance arrangements are put in place to ensure that the Foundational Programmes are delivered successfully.

Supporting Governance Efforts for Improved Service Delivery

Mr. Speaker, the Government will pursue vigorous efforts to improve service delivery not only in towns and cities, but particularly focusing on the currently under-served rural and remote districts through the District Development Authority (DDA) as the frontline service delivery vehicle. The Government will continue to maintain its Fixed Commitments covering the PSIPs and DSIPs, Autonomous Bougainville Government (ABC), High Impact Infrastructure Projects, District Support Grants, Infrastructure Development Grants (or IDGs), Memorandum of Agreements (MOAs) with resource projects and Special Support Grants (SSGs). This is to ensure that effective service delivery is provided to the rural population at the sub-national levels. The Government will focus on improving public service effectiveness, promoting an eprocurement system, establishing District Finance and Treasury Offices, continued support to the roll-out of IFMS across the country, and accelerating efforts to register citizens with a National Identification Document (NID).

Mr Speaker, the Government is also investing in the Integrated Tax Administration System (ITAS) which is in alignment with the Medium-Term Revenue Strategy (MTRS). It is aimed at improving timely compliance in tax remittance to government coffers from business houses. Efforts are also made to support PNG Customs on the Container Examination Facility which will contribute towards increasing compliance and revenue generation, whilst at the same time ensuring express clearance of goods and restoring, and promoting investment confidence in the country.

Maintaining the Community and Culture Sector

Mr. Speaker, the Government emphasizes that sustainable social development is equally essential for children, youth, women, elderly, persons living with disabilities and other vulnerable groups of people. The role of the sector is to safeguard our cultural heritage and protect, empower and support the marginalized population to alleviate poverty. Government investments are steered to support this, including the establishment of District Community Development Centers. Under the Church Heritage Redevelopment Program, we want to acknowledge our Christian heritage by assisting the mainline Christian churches rehabilitate and redevelopment the points of entry where the first missionaries came and settled in the

country, geared with a Bible in their hands and a smile of hope in their faces and their testimonies of spreading the good word in an unknown hostile country, enslaved in mysticism and dark spiritualism. These places are historical places and those early missionaries' sacrifices and services are forever appreciated. We will rebuild those buildings, preserve some of those historical memorabilia lest we forget our heritage. We thank the churches for the ongoing support to this country. The Government is also supporting the preparations of the next PNG Games to be held in Mendi, Southern Highlands Province in 2022. In 2022, the Community and Culture sector receives a total funding of K90.27 million.

6. In conclusion

Mr. Speaker, this budget is anchored on the key policy parameters of 'Economic Independence'. Effective leadership, prudent financial management and timely reporting are critical factors to the successful implementation of the 2022 National Budget. The Capital Investment Budget provides every opportunity for our economy to grow and capture the pace that it needs for sustainable growth. All Government stakeholders at all levels are expected to align and commit their Development Plans to the overarching planning frameworks of our country to work towards reaching the desired destination.

Mr Speaker, Development Partners, Civil Society Organisations and the Private Sectors are also encouraged to continue their support and complement the Government's efforts in achieving its priorities. It is critical that our Partners are not working in isolation of the Government of PNG's planning frameworks and systems and processes. We place on record, our deepest gratitude to their continued support and services.

Mr Speaker, as we stand in this crossroad and at this precipice, glancing into the next general elections and the challenges that lie ahead of us, we the Pangu Led Government thank all our coalition partners on this side of the house and that side of the House, for their commitment and support whether in curse or kind- we thank you. We have forgiven, but have not forgotten what it means to hold together a Government of Many. Now as a Whole Government, we have consolidated ourselves since the Laguna and Loloata days to be resilient, flexible and aware of the politics that troubles Government policies; personality clashes that seem to want to fight in a popularity contest - the polarized view aimed at damaging good intentions of Government without giving concerted and constructive criticism and the powerful corporations that wish us demise so that we do not progress as a country.

Mr Speaker, we have learnt our fair share of lessons; we have seen the lines drawn on the shifting sand but our own resolution to fix our own countries' problems takes precedence over all else. We as a Government will not be shaken to the core as to not deliver on what we

want to do - the necessary painful steps that needs to be taken. Drinking from the cup of democracy, a Westminster drink called- Patriotism, we want to forge a stronger nation from the furnace of our many experiences.

The two years have been challenging years to implement our capital budgets when faced with global economic uncertainties, political uncertainties, faced with breaks in Government ranks, outbreak in COVID-19 and delta Variant - we only take solace from an old English sailor's words that 'calm seas never produced the best sailor'

Mr Speaker, as we present this Capital Budget to this Honorable House, we have done so without fear or prejudice. We are strong as a Government, we are resilient as a country, so I pay respect to this House and express my Dange Sako, Saiwap Ketown to the Government and the Prime Minister to be given the chance to present the Capital Budget and I pay Homage to my God, my country and the people of Papua New Guinea.

Mr SPEAKER – Honourable Members, before I allow any Member to debate on this Budget, I just want to remind you all to debate within the given timeframe.

Mr BELDEN NAMAH (Vanimu-Green – Leader of Opposition) – Thank you, Mr Speaker. I also rise to debate on the 2022 money plan.

Mr Speaker, I call it the money plan out of respect for many Papua New Guineans from different departments and agencies who have made their contributions towards framing the National Budget.

Mr Speaker, their contributions in a time of Covid-19 and under difficult economic conditions are appreciated. But are their contributions factored in the 2022 Budget? I think not.

Mr Speaker, I put on record that when the Treasurer delivered a budget speech, no Volume One was made available on the Floor of Parliament to all the members. This is in total breach of budgetary process. Volume One was only snuck into our offices yesterday by the sneaky Stuckey.

Mr Speaker, last week Thursday, we heard very flowery words.

Mr Chris Haiveta – Point of Order! I ask the Opposition Leader to withdraw the word 'sneaky' because it is an unparliamentary word.

Thank you.

Mr SPEAKER – Honourable Governor, your Point of Order is in order. The Chair will ask the Honourable Opposition Leader to withdraw the word ‘sneaky’.

Mr BELDEN NAMAH – Thank you, Mr Speaker. I withdraw it.

Mr Speaker, last week Thursday, we heard very flowery words from the Treasurer in his Budget Speech and today we heard other flowery words by the National Planning Minister supporting his Treasurer.

Mr Speaker, the Budget outcome –served in dribs and drabs after a 2-day delay last week - is a completely muddled up document.

The Budget is unrealistic and it is not a good one. The budget assumptions and focus are way off the mark. To use a favorite term of the Treasurer, this Budget is a fake Budget.

The shadow Treasurer has just shown how unrealistic this Budget really is. I wish to add number of points to what both the shadow Treasurer and shadow Planning Minister have alluded to today in our Budget Reply.

22/08

Firstly, Mr Speaker, 2022 is election year. The world and we as a country are just coming to grasp with the global health pandemic. How in the world this Government can dream up a budget premised on increased revenue and record expenditure is way off the mark?

Mr Speaker, where are the new foreign direct investments that will bring in the much-needed revenue or new revenue to the country. The Marape government has virtually shut a trap door on the new investments to our country.

Mr Speaker, look at Porgera, Papua LNG and Wafi-Golpu, look at the forestry sector now dead in the woods.

Secondly, it is quite unfortunate that the Treasurer has chosen a 13-year fiscal plan to give us on election year. And the Treasurer being an international traveler should know very well that you will never find a 13-storey hotel in the world. The number 13 is considered as bad luck.

Mr Speaker, it is a curse on the Government, not the country. I say curse on that Government. How a well-read and well-travelled man can choose such a strange figure is beyond me, Mr Speaker. His date 2034, the end of his 13 years, does not correspond any way with the national strategies or planning time table or the goal of our country. Very strange indeed, Mr Speaker.

In fact, the Treasurer has overshot his Prime Minister's deadline to make PNG the richest black Christian nation on planet earth by three years.

Prime Minister Marape told the United Nations and the world that he would achieve this great feat by 2030, but the Treasurer has shot his Prime Minister on the foot. Whether or not we are on target to deliver that is no way predicted in these budget papers.

Mr Speaker, how this Government intends to bring debt to zero and to bring the debt to GDP ratio back below 40 per cent in that extended time period is beyond me when he could not deliver on the simple promise in a three-year period between 2019 and 2022. The 2020 Medium Term Fiscal Strategy announced by the Treasurer was that by 2022 the debt to GDP ratio would be 39 per cent. In fact, his own Budget 2022 figure shows that the ratio is at a whopping 51.9 per cent. Honorable Stuckey 2019 Medium Term Fiscal Strategy said the Budget deficit in 2022 would be K18.8 billion. In fact, the 2022 budget puts the figure at K22.2 billion. This is the single biggest debt any one government has ever incurred since 1975 since our independence and that is on record by this Government.

This Government has developed no strategic plan for raising internal revenue. For a long time now internal revenue has been at 11-13 billion. Now the Marape government wants to increase internal revenue to K16 billion. Using what and from where, Mr Speaker. I ask you! After he has shut down Porgera, after he has forced the delay of Papua LNG after his delay in getting Wafi-Golpu off the ground and after forcing the closure of fourteen forestry projects including the processing plant which has now lost seven thousand jobs and after Covid-19 and no job-no job policy has pushed thousands of people out of work. Where is the internal revenue going to come from? Stop speaking flowery language, let's be realistic, Mr Speaker.

23/08

The Government can only put excessive pressure upon the Central Bank to raise more money or to basically print money. That will squeeze liquidity and rates up. This will cripple local businesses including SMEs and MSMEs.

Mr Speaker, taxing the commercial banks and ICT sector will increase costs of banking and telephonic business to our people. Of course, the banks and telephone companies will pass on the extra costs onto our people. BSP will probably withdraw from non-profitable towns and outstations and move to where it can make money. The people will be the biggest losers in this budget. It is a bad decision by the Government to tax the commercial banks and the telephone companies.

Mr Speaker, this Government has been passing legislations to set up Kumul Minerals and Kumul Petroleum companies in the country. Into this companies will flow revenues. These companies will further dilute this earning in the operations and only declare a dividend back to the State when the full amount is flown into their coffers. Future generation funds and windfall profits from these sources can be parked in the sovereign world fund but I do not see any proactive measures by this Government.

Mr Speaker, finally, it is the large amounts of capital, expenditure funds being put away in central agencies which have neither the mandate nor the capacity to undertake this capital projects. I refer you to just one case in particular to illustrate this point. The Department of National Planning and Monitoring has been allocated more than K2 billion for capital investment.

Mr Speaker, now I know why our National Planning and Monitoring Minister is traditionally attired. He is here to celebrate the K2 billion that is parked for his own discretion. Why park it there when you can give –

Mr James Marape – Point of Order! I am happy to listen to the Opposition Leader's option but for him to grossly abuse our culture in our people's House demeans his standing as a national leader. Can you kindly ask him to withdraw the insult please?

Mr SPEAKER – Your point of order is in order. Honourable Opposition Leader, you are assuming the reason as to why the Minister for National Planning and Monitoring is in traditional attire. I will ask you to withdraw your statements.

Mr BELDEN NAMAHA – I know that when he is dressed like that it would mean that he is happy about something. I will withdraw what I mentioned.

Mr Don Polye – Point of Order! Our culture is superb and wonderful. We should be proud. The Leader of Opposition is undermining and belittling our culture and therefore he must withdraw his statement.

Mr SPEAKER – Honourable Member for Kandep, your point of order is in order. He has withdrawn his statement.

Mr BELDEN NAMAH – I proudly embrace our culture but why did you put only one per cent in our Budget for our culture? Did you think of that? Are we just dressing up to be happy?

Mr Speaker, while everyone is excited, why park that kind of a large amount of money at the National Planning when you can give it directly to the districts and the provinces? We do have trust and operating accounts so why park it at the National Planning Department when you do not have any capacity?

24/08

Mr Speaker, this Government is not friendly towards business and to our people. It is definitely not friendly because it has demonstrated very clearly in its Budget today. This Budget is unrealistic unless it is revised and we are presented with a realistic Budget.

Mr Speaker, it is very irresponsible of any Member of Parliament to support this Budget. I am calling on the Prime Minister to withdraw this Budget, have it reviewed and bring it back after two weeks. The Opposition is prepared to deliberate on it. We say this is an unrealistic Budget because the figures are mis-matched like the flowery words by the Treasurer and the Planning Minister.

Thank you, Mr Speaker.

Mr MICHAEL NALI (Mendi – Minister for Works and Implementation) – Thank you, Mr Speaker. I would like to convey my condolences on the passing of the Member for Middle Ramu, the late Honourable Jonny Alonk.

Mr Speaker, I would like to make some points on this historic Budget. First of all, I stand here as a fourth-term Member of Parliament. Even though, I was out of Parliament for ten years, I was still very active in politics and have a lot of experience.

Mr Speaker, since the early years after Independence, our country's Budget was around K3 billion. In 2020, the Budget was at K18 billion and previously it was at K16 billion. Today, we are at K22 billion; a significant appropriation.

Mr Speaker, I was listening to the Opposition's statements on the loans the Government has obtained within the past two years. In the last two years, Covid-19 has adversely affected the entire world. If you were in the shoes of this Government headed by the Marape Government, what would you do? Would you allow your people to just suffer? You would not even go and borrow any money?

Mr Speaker, someone will have to remind this Parliament, this country and its people on the last time we had a surplus budget. I think maybe it was during the Somare Government, but we have always had a deficit. There was not one time we said government doesn't borrow. We have always had to borrow! But at a very crucial time like this in the history of Papua New Guinea and the world, where there is high demand for medicine during the Covid-19 pandemic, I think what government has done was the right thing.

Mr Speaker, the following statement, 'a lot of money has been borrowed but nothing has been done', is very irresponsible.

Mr Speaker, I think being very mature and respected by many in our country and internationally, it is important that we stand up and give credit to where it is due. Be honest about things and tell the truth that, yes, the Government has borrowed some money and you know about it. But the Opposition is continuously saying that Government has done nothing with the money. That is wrong! You come to my district, you don't have to go too far, just come to Mendi and see for yourself!

Mr Speaker, because of this Government, the Mendi General Hospital now has medical equipment that it never had since Independence. It has a digital x-ray machine, complete pathology machine, chillers and ultra-sound machines.

25/08

This Government has made that happen and now we have the CT scan in place in our hospital. If it was not for this Government, I would not have bought this equipment.

Mr Speaker, I am grateful to this Government for their support in achieving bigger things.

Mr Speaker, I commend this Government for doing a great job in this tough times. This Prime Minister has steered us well, though many of us had doubts. Only a real man can sail a ship on rough waters when times are tough. We must also give credit to this Government and those coalition partners for guiding him in decision making.

Mr Speaker, I was appointed as Minister for Works in 2017 and I also thank the former Prime Minister for making the right call in appointing me. I also thank the current Prime Minister for retaining me as the Minister for Works.

(Laughter in the Chamber)

Mr MICHAEL NALI – You can talk about economics, health and law, where I cannot keep up with you, but I am a technical man and you cannot beat me when it comes to my trade.

(Laughter in the Chamber)

Mr MICHAEL NALI – That is why I have done very well as Minister for Works. I thank this Government for making it possible for me when we passed the legislation on *National Road (Management and Fund) Act 2020* and it is a big achievement for me.

Just recently, we have passed a legislation on Connect PNG funding where 5.6 per cent of the National Appropriation Budget must be locked into road infrastructure.

Mr Speaker, some of these decisions are very important but many a time, we do not seem to have the guts and vision to look at what we need to do tomorrow.

Mr Speaker, we just enacted a legislation on *Road (Management and Fund) Act 1973* to *National Road (Management and Fund) Act 2020*, which was never amended for almost half a century. So, the Works Department is now fully reformed and whoever takes the Office after the 2022 Elections will only be there to build the roads.

This legislation alone will set the standards and rules for anyone to participate in this industry to make sure to build the roads to its standards and specifications.

Mr Speaker, if you go back to history and revisit the roads, there were no major drainage systems built until now. You would not see the amount of material that has been deposited into an area we call the sub-grade. As soon as you dig up the raw material it is a sub-grade, then you do the base cost and do the road test. You will then build the road gutters, cross folds, apply base costs and then we apply stabilisation products which are the concrete products.

Mr Speaker, the amount and standard of work we are doing this time is unbelievable.

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Mr Speaker, many times we play politics by saying that Marape is not doing anything. But I can tell you as Minister for Works and Implementation that in the last two years we spent over K2 billion to build roads.

Mr Speaker, the Mount Hagen four-lane road was engineered and constructed by the previous government and we give credit to the former Prime Minister for starting this project. But I give credit to this man on my left, the Prime Minister, because despite it been a project of the previous government, he never ignored it. Instead, he continued to build the road from Kagamuga to Keltika. This Government extended the road from Keltika down to Togoba. Such

positive attitudes come from men with good intentions and humble hearts who never say no but continue the work.

Mr Speaker, in Lae, this Government has built the roads from Bugandi High School to Nine Mile to Yalum Bridge to Nadzab. I also thank BSP for approving the loan to continue work on these roads.

So, we have done a lot of work. If you go to Bougainville you will see a lot of new roads being constructed there. And in East and West New Britain new roads are also being constructed there with building of 2 000 kilometers of bridges as well.

Mr Speaker, these are huge developments going on in this country. We must learn to give credit to where it's due.

The other point that I want to say here is that during my three terms (15 years) as Member of Parliament, I recognised this Government as one of the most hard-working governments because if you look through all the records here in Parliament; this Government has enacted a lot of new legislations and amendments to existing laws. And we even work tirelessly and we don't run away from our responsibilities.

Mr Speaker, this Government has also constructed the road from Tabubil to Telefomin. The Alotau roads and the East to West Sepik roads are under construction now as I speak. This Government has built nine bridges in Momase Region and the Hawaiian Bridge adds to ten.

Mr Speaker, the roads in Hela, Tari as I speak and even the Trans-Highlands Highway have been constructed. And the PTB equipment are already at Owen Stanley Ranges for Morobe and Gulf side as well; meaning that we are serious about building roads in this country.

The department is ready and we have achieved everything that was important for us to implement its program.

Mr Speaker, I want to thank this Government; K600 million was allocated in the last year's budget for all the districts and provincial roads, which most of the districts received. Now 31 300 kilometres of roads are going through major rehabilitation and construction.

We are also building provincial and districts roads of 9 000 kilometers, missing links of 1 900 kilometers, economic roads of 4 200 kilometres and strategic roads is 16 200 kilometres so this Government has done very well in the road sector.

Mr Speaker, K600 million in the 2022 Budget is for the district and provincial roads.

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The Minister for Planning was criticized but this kind of money is in the Budget for the district. This Government has started building roads and continues to build roads, including the

roads in my district. I want to thank the Government for all the support that they have given me to build roads in my district.

Mr Speaker, this Government has allocated K80 million this time, for the first time.

Mr Nakikus Konga - Point of Order! Mr Speaker, I heard him saying that a lot of roads have been fixed in East New Britain. Now let me tell him that East New Britain has about 2000 kilometres of roads of which 1200 kilometres is looked after by the private sector in the rural areas and 125 kilometres out of 750 kilometres is national government roads and the rest of it belongs to the provincial government. All the roads in my province are deteriorated.

He needs to tell me which road exactly in East New Britain is he talking about. Without the private sector, all the roads will not be fixed. They lie to me about the K5 million which I have not received yet so please tell me which roads in East New Britain have you fixed.

Thank you.

Mr MICHAEL NALI – Mr Speaker, there are his responsibilities. Is the Governor talking about his responsibilities? What are you doing about your roads? We are building roads from Kokopo High School going towards Vudal. I visited those places. Remember the last time we met at Baining? Did you forget? From Tokua Airport coming back to Kokopo town, the road was deteriorated but now it's upgraded.

Mr Speaker, these things don't just come overnight. Government is doing some work. Anyway, Mr Speaker, under Connect PNG, the Government has allocated K325 million to start the Connect PNG roads. I want to say thank you for that. In total for the roads sector, we have been allocated very close to K1.8 billion for the first time.

Thank you also to the Government for allocating funds to the health sector. The Government has placed a lot of emphasis on the health sector. Thank you also to the Government for restoring the Free Education Policy because times are tough.

All in all, Mr Speaker, we all need to be truthful. If you are one of those members who is always making negative comments, apart from the Opposition, correct your views or you might lose sleep over this. This Government has been really good. While I have the opportunity, Mr Speaker, I want to thank the Prime Minister, the PANGU Party and all the coalition partners.

And I also want to thank the few members of our Opposition for their support when my department introduced legislation in Parliament for the good of the people of Papua New Guinea. Do some of you members ever go on submarine rides? When we bring important

legislations, the Opposition never supports us. Shame on all of you. Try to be supportive when we bring important legislations.

Mr Speaker, I want to thank the Asian Development Bank (ADB) for funding some of our very big projects in the country. Most importantly, I want to thank AusAID.

28/08

For the first time under their TSSV program has contributed over Aus\$60 million towards the funding of roads. The reason why this has been done is that the Australian Government is now partnering with the Department of Works to upgrade our roads is because they have trust and confidence in the government of the day.

I also would like to thank the World Bank, the European Union, the Indian Asian Bank and not forgetting our own bank, Bank South Pacific for approving K200 million and I think we have room to borrow more from BSP to build our roads. Finally, I would like to say thank the Head of my department, Secretary Wereh, his five directors and all the staff of the Department of Works who have made it possible for me as the Minister to come into this Parliament and get two legislations through; while preparing Papua New Guinea for implementation. I believe there will be no new law introduced in 2022, as the reform has been done. All we need to do now is that if the Government allocates the money, we build roads.

Mr PETER O'NEILL (Ialibu-Pangia) – Thank you, Mr Speaker, I would like to also contribute in this debate. Firstly, I would like to send my sincere condolences to the family and the people of Middle-Ramu for the death of the Honourable Member.

I would also like to say thank you to the Treasurer for presenting this Budget. Whilst there are some important papers missing, we here on the Opposition are left to guessing on policies and statements that this Budget should depend on. This is not the first time for this to happen. Three years ago, there was a similar incident and I urged the government to be transparent. This is an important document for the country and some of the allocations you are putting are important and will drive some of your policies that you are trying to embark on. So, far we in the Opposition support the statement made by the Shadow Treasurer and the Member for Alotau in that this Budget needs to have a few reviews in some areas.

There was a lot of thought put into the areas of education and health and I am happy that the Government has acknowledged the TFF Policy, this policy will help our people a lot; especially in educating their children. This is not for us to play politics.

And it should not have been discontinued in the first place. Hopefully in 2022, we can relieve some pressure off our people; especially the families who are struggling to send their children to school.

The Treasurer also made mention of the Budget reaching a mark of K100 billion in 2022. Some of the figures that he had mentioned to reach this amount, I believe he will fall short of the K100 billion mark. I say this in view of some of his previous statements when he presented the Supplementary Budget in 2019 and when he presented the budgets in 2020 and 2021. A lot of his figures are changing here and there. The outcomes of these budgets are not clear, so I believe this Budget will have a massive shortfall. We are made to believe that our GDP is growing but that only tells us the debt to GDP ratio which is in itself good but when the ratio is increased, you are likely to have room to borrow more. This is not to alleviate the struggles that our people are facing right now, the figures are only a show and that the reality on the ground is different. You and I live with our people so we know the truth.

29/08

But the Treasurer is stating that he will borrow K100 billion but I can tell you that no one will ever see that money.

Mr Speaker, I say this because in 2019 and 2020, the GDP went down from K84 billion, the number he presented, to K81 billion. In 2021 Supplementary Budget, he stated that it was going to go up to K93 billion. Now he is saying next year, it will go up to K101 billion.

Mr Speaker, it is not an achievable task to get to the K8 billion mark he is talking about. It is easy to talk about it but to get there is not easy. In 2020, there was a decline of 3.8 per cent in our economy. In 2021, Treasury projected that it would grow by 3.5 per cent. But in the actual Supplementary Budget, they now honestly state that it is a mere 1.5 per cent growth. That is the figure this Government has presented.

With all the unstable figures going up and down, they are now stating that in 2022 there will be a 5.4 per cent growth. This is not an easy task.

Mr Speaker, what I am trying to say here is that we have to be realistic about the figures we tell our people because they will believe everything we are saying. They think that what we present here is the true spoken word that is confirmed through wider study and approval. But we all know that this is not true because some of the revenue statements the Treasurer presented are overstated.

This Government is projecting K16.1 billion revenue in 2022, which the Treasurer has said will come from government taxes. One of those tax we are talking about is the Dominant

Industries Levy from BSP and Digicel. But we are not talking about the other taxes which will greatly affect the ordinary citizens such as goods and services, salary and wages and hefty tax from many ordinary PNG companies. We are not disclosing all of these because that is where the bulk of the K16.1 billion will come from.

Mr Speaker, while the economy is struggling, we are excluding our ordinary citizens.

Mr Speaker, all I urge the Government to do is just go and talk to Nasfund, Nambawan Superannuation and the Defence Force retirement fund, and ask them how much money have the contributing members withdrawn over the last two and half years? They will tell you that it is over a K1 billion. Why are our ordinary citizens withdrawing huge amounts of money when it's supposed to be their retirement benefits? They have no jobs and are struggling to survive out there and that is why they are withdrawing large amounts.

Mr Speaker, this is not about China or Australia or anybody. It is the reality on the ground.

The Chinese have given you loans to build your roads. The Asian Bank has given you money to build the roads and bridges. The Minister for works has twisted the truth to gain credit, but right throughout the country my government started many of these road and bridge projects and now you are completing them. You know this as a fact. Go and see it for yourself!

I am the initiator of all those developments that you are carrying out to completion. This is a simple fatherly advice I am giving free of charge.

(Laughter in the Chamber)

Mr PETER O'NEILL – Mr Speaker, to highlight the point, our people are really struggling.

Mr Pila Niningi – Point of Order! Mr Speaker, with respect to the Member for Ialibu-Pangia, he is stating that he built all the roads in the country, but my portion of the road from Wara Kagul to Walume, he didn't consider it. The Marape Government went and fixed that road so I want him to know this.

Mr SPEAKER – Honourable Member for Ialibu-Pangia, please continue.

Mr PETER O'NEILL – Mr Speaker, I will reserve that issue when I debate with him in his own electorate in Imbonggu. So, he must prepare himself to expect me in Imbonggu in the 2022 Elections.

30/08

Mr Speaker, let me revert to the subject of our economy.

In terms of our revenue, I think we will miss the target. The main idea is for the Government to be realistic and reduce the target if we want to maintain these figures. I want to give you some suggestions. The Member for Alotau stated that we in the previous Government too were wrong and we do accept some of the blame. Successive governments should also share the blame.

We have established statutory bodies who have now become little empires and are initiating projects parallel to government projects. These monies are not little; they are meant to be improving the revenue for the Government and when you add everything together you will be looking at almost K2 billion.

Now, the Government must consider bringing these monies back into consolidated revenue so they do not borrow too much and at least balance the Budget.

Mr Speaker, the second issue is regarding expenditure. We started with K16 billion in 2018, then K17 billion in 2019 and now it is K22 billion. The real wages of our citizens have not raised but really the public service machinery is increasing at about 10 per cent every year. We are not enforcing the real reforms that we need such as stop recruiting, retire the aging employees and et cetera; all these things need to be done so we can cut costs.

The K13 billion which is allocated to maintain the operational expenditure for the government in 2022 is too high. In fact, it is more than the revenue which the entire country received in 2021-2022 to maintain the public service structure alone.

Mr Speaker, something is seriously wrong and we need to revisit it so that we can reign in this expenditure which is blowing out of proportion. We cannot blame this current government alone but past government as well. We all need to address this by reducing the cost of the public service structure. We are allowing ministers, Members of Parliament and public servant to spend with free will. If you do not have money how can you go out and spend freely? This is the culture that is creeping into the Public Service structure.

The other issue is the debt level. I know that the last two years has been difficult because of the Covid-19 pandemic. The economy is struggling and many of our citizens are jobless but that does not mean that we put more burden on the future generation. We should be living within our means by trying our best even if we have a deficit budget to reduce it to a manageable level. We have tried to reduce it down to two per cent which we did in 2018 and 2019. It is not impossible and it can be done.

Over the last three years we have run a deficit budget in borrowing up to K24 billion by the end of 2022.

We are talking about K24 billion. Every one per cent is one billion kinas. So, it is incumbent on all of us in this House to reign this in and start to reduce it and not increase it. You will see that when the final numbers for 2020 and 2021 come out, it could be far worse than the final numbers that come out.

That is why we have to stop borrowing, especially domestic borrowing which is used to pay for administrative and operational costs. The Government should continue on with the concessional borrowing because it builds infrastructure for the economy and that is what is needed and it provides jobs.

Mr Speaker, the operational expenditure doesn't provide jobs but it just consumes. That is what the Treasury Bills and the Domestic Bills are paying for. This is where the Treasurer needs to think. Otherwise, we will be left with a high section economy.

I know that a lot has been said about the Domestic Industry Levy but it just puts our sovereign risk at an unenviable position where nobody will want to invest in our country because they know that we can change the laws tomorrow.

31/08

Mr Speaker for the affected organizations, I am not protecting anyone of them, but they are also under the community service obligation running non-profitable assets in their balance sheet.

When you talk about some of the rural infrastructure that they have either it be banking or telecommunications, first thing they will do to save money is cut those and then we will be complaining again in this honourable House, how we are going to serve our people in communication and banking services for the financial inclusion that we all are trying to achieve.

So, Mr Speaker, we are going to be left and the Treasurer will make sure that we are stuck with high taxes, high interest rate, high unemployment rate in the country we will certainly have the highest loan that our country as ever recorded and high deficits debt. These are things that we will be stuck with. Are we doing this for the good of our country?

We want jobs, we want to create lower tax environment, we want the government like any family out there, to live within its means, spend what you can raise as revenue not more than that and we all want a stronger economy. Build up confidence, so that investors can come in and invest in big industries.

I know we have talked about Porgera and we have certain deadline and we are saying April next year, but there is no certainty about that.

Our good Treasurer has done a 13-year plan, we cannot even keep the three-year plan, how can we keep that 13-year plan.

Mr Speaker, this is the challenge we have. We will support the Budget if it goes for growth of jobs and stability in the economy and lowering of taxes so that we can encourage investment. If we want to have a dominant industry levy that's fine, but do it across the board and also relieve the other miner players in the industry so that they can invest more money and expand their ability to compete with a dominant player.

That's why we want competitions in the market supporting Telikom, Bemobile and other telecommunication companies who are here. These are companies who need relief and incentives so they can build the industry so that our people can have a competitive pricing when they go out to be consumers of those industries.

So, Mr Speaker, I support the shadow Treasurer, let us live within our means and we will support the Budget but if we are not able to do that, please rethink.

Thank you, Mr Speaker.

Mr PATRICK PRUAITCH (Aitape-Lumi) – Thank you, Mr Speaker, I rise to make a statement in relation to the 2022 Budget.

But before I do that, Mr Speaker, let me take this opportunity to acknowledge the demise of our colleague, the Honourable Jonny Alonk who is a Member for Middle Ramu and on behalf of the National Alliance Party, we want to extend our condolences to the family and also to the leader of the United Resource Party whom the late member belongs to.

Mr Speaker, I am sure no one in this House will not accept with the proportion that we live in difficult times. The Covid-19 pandemic impacted most countries the global economy contracted by 3.1 per cent last year. Renewed concerns about the new Covid-19, Omicron virus strain from South Africa has already rocked global financial market and weakened commodity prices right across the world.

It places in jeopardy the projected global economy recovery plan. In addition to this scenario are the growing concerns about climate change which is contributing to other challenges and uncertainties in the coming decade.

At the recent climate change conference in Glasgow about 90 countries pledged to cut methane emissions by 50 per cent by 2030. This is part of the global efforts to attain a net zero carbon net emission situation globally by 2050.

However, the two largest methane emitters; China and Russia, are not part of this deal and neither is Australia.

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This is an issue of considerable concern to Papua New Guinea and to its Pacific island neighbors who face potential devastations from rising sea levels.

Mr Speaker, these are developments that have direct and in direct impact that the Treasurer Honorable Stuckey must contemplate and negotiate in budget planning and preparing a road map for the future.

Leaving these concerns aside, this Government has inherited fiscal and economic challenges from past policies. They have led to a decline in formal sector employment since 2013 and its suggestive of a need for policies that promote an economic turnaround. As a result of the Corona-Virus pandemic and the closure of the Porgera mine the face of job losses has persisted and pathways to the future remain clouded with uncertainty.

Mr Speaker, the Treasurer has pursued an extremely difficult course obtaining record levels of budget assistance from Australia and Japan. This has been made possible because of alignment with the International Monetary fund (IMF). More such assistance has been made available in the 2022 National Budget including grants from Australia directly into PNG Budget to bolster our key health and education sectors.

Mr Speaker the pandemic-induced lockdown badly had the economy contracted by 3.5 per cent last year, per capita incomes declining by more than 6 per cent, growth expectations for the current year have been more than half to 1.5 per cent representing the second consecutive year of declining per capita incomes. In the phase of the Corona virus pandemic and lockdown a big hole has been created in the budget that needed to be filled. The Treasurer was able to draw on sizable overseas loans at minimal interest rates to fund record deficits since the 2020 Budget. In a remarkable achievement, the Treasurer has nonetheless managed to see a path towards repair and reconstruction. The budget deficit as a proportion of the gross domestic product has fallen from a record high of 8.9 per cent to 7.2 per cent this year. It is anticipated to drop further to 5.9 per cent in 2023. This represents a lowering in deficit from K7.3 billion in 2020 to a projected K5.98 billion next year. Revenue from Papua New Guinea LNG project has been focused to help generate a small budget surplus in 2027.

Mr Speaker, some of these outcomes are dependent on the ability of the economy to grow at a plan rate of 5.4 per cent according to the 2022 Budget Debt to GDP remains on a rising curve

having hit 49.2 per cent in 2020, it is projected to rise to 50.1 per cent this year and reach a peak of 52.6 per cent in 2024 before starting to come down. The declining trend for the deficit is premised on a strong contribution from the resources sector, including the reopening of the Porgera Gold mine in the second-half of next year. The Government is also continuing on improving non resource sector revenues.

Mr Speaker, many of us have been dismayed by the size of the recent deficit. This was made inevitable by the pandemic and its impacts globally and in our country as well. Assuming the projections can be sustained this is good some news. Although the 2022 deficit is the third largest on record the Treasurer has chartered a pathway towards fiscal consolidation.

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Mr Speaker, I am pleased that the Treasurer, a valued colleague within my National Alliance Party, has provided this House, and the nation, with a roadmap for the way forward in these difficult times.

It would be remiss of me not to comment on the controversial aspect of this budget. The levy imposed on the nation's largest bank, BSP, and the largest telecommunications provider, Digicel, some consultation is understood to have occurred prior to the imposition of the levies, which were signalled in the previous budget.

I am hopeful the Treasurer may consider placing a limited timeframe on these levies. The levy could be viewed as an attempt to spread out the benefits from economic sectors that are still doing well. A limited time span should encourage the Government and the Bank of Papua New Guinea to actively seek out new banking entrants. More competition, along with foreign involvement, is desperately needed in this sector.

Mr Speaker, one contributing factor to the weakness of the economy is the mishandling of the resources sector. The Treasurer's task would have been less onerous if Porgera had not shut down in April last year with negotiations continuing until a new agreement was reached. It seems that over the past decade not enough attention has been paid to the policy environment for job creation. The Porgera shutdown had a major impact on the community in the Porgera district, which has grown into one of the nation's largest townships. The multiple impacts of the shutdown have been felt by companies in Lae and in Port Moresby. Along with Covid-19, this has contributed to last year's sharp fall in formal sector employment in the nation's capital. The Central Bank reported that formal sector employment in NCD fell 5.6 per cent last year, with the BPNG index showing NCD employment was at the lowest level in 10 years since 2010.

Mr Speaker, the ongoing Porgera negotiations appear to be progressing at a snail's pace. And several start-up deadlines have come and gone. April is being touted as the next scheduled reopening day, but negotiations between the Government and the developer have yet to be concluded. It should be recalled that soon after the Porgera's shutdown, other resource sector companies were forced to retrench their workers, among them were Papua LNG, P'nyang and Wafi-Golpu. The BPNG's December quarterly said mineral sector employment fell by 28.8 per cent last year with 27.7 per cent of these jobs lost in the September quarter.

Mr Speaker, although the 2022 Budget is premised on expectations of 5.4 per cent GDP growth, much of this represents a recovery phase. Most sectors of the economy remain weak. The Central Bank's formal sector employment stood at 153.8 at the end of last year, which is at the lowest level since it hit 148.8 in 2010 from a peak of 175.7 in 2013. Formal sector employment grew by a record 76 per cent between March 2002 and 2013 but has since plunged by almost 22 per cent.

Mr Speaker, with regard to expenditure; like the previous governments the current Government has placed top priority on budgetary allocations for the provinces. It was pleasing to note that while provincial allocations were trimmed by 0.2 per cent to K2.5 billion, the embattled health sector received a 43 per cent boost to K 1.48 billion.

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The education sector received even more impressive 45.8 per cent increase to K1.2 billion which is being funded partially through Australian Government grants.

Mr Speaker, when grants and loans are included, total funds flowing to provincial governments amounts to K4.25 billion and administration in second place with K3.88 billion. The third spot is taken up by miscellaneous expenditure of K2.6 billion, followed by health with K2.6 billion, transport with K1.44 billion and education with K1.42 billion.

Mr Speaker, figures in volume 2(D) of the 2022 Budget documents saw total provincial government allocation as declining by 7 per cent to K4.25 billion with an anticipated 28 per cent reductions to K3 billion in 2023.

Mr Speaker, the allocation for my province has been cut by 20 per cent to K144 million next year and its projected to take a further hit of 30 per cent to K99 million in 2023. The East Sepik Provincial budget has a smaller 7.7 per cent reduction next year and a larger 39 per cent cut in 2023.

Mr Speaker, in recent times, public has been hearing much rhetoric about the roles of mining and petroleum companies. The 2022 Budget suggests the coming 5-year period is based

on road that is more broad-based, yet there is a clear message, the recovery is reliant on the performance of the resources sector. The Treasurer has acknowledged that the medium-term budget surplus focus for 2027 is premise on a boosting revenue from Papua New Guinea LNG following the repayment of LNG project loan. This project has been an outstanding success story. It has doubled the size of our economy after operating for seven (7) years, it already boasts a significant number of Papua New Guineans in top management positions operating the company managed by Exxon Mobil. This is a matter of special pride.

I was the Treasurer in 2009 when the fiscal terms including a super taxed became part of the project agreement for the PNG LNG project. No major new project is anticipated to commence production prior to 2027, if financial and technical hurdles are overcome Papua LNG could commence exports in that year. The hiatus in potential project development is undermining PNG's economic potential. In the medium term, Mining and Petroleum exploration has virtually fallen off a cliff. It has been widely acknowledged by international financial institutions that the nations mega projects on the starting blocks have the potentials to boost the nation's economic performance well beyond the 3.4 per cent growth rate currently envisaged.

Mr Speaker, projects such as the PNG LNG project and others were developed prior to 2014. These projects including Ok-Tedi, Lihir and others are at the heart of the 2022 Budget projection that revenue will grow over the medium term by an average annual rate of 11.4 per cent while expenditure growth by 4.6 per cent annually.

Mr Speaker, budget data projects stronger prices for gold, copper, nickel and cobalt. When the agriculture front, oil palm appears to be the main commodity that could make significant contribution in the medium term.

Mr Speaker, the 2022 National Budget as stated by the Treasurer has set the nation on a course of repair and reconstruction. In addition, the nation will hit a significant milestone with GDP hitting the K100 billion for the first time.

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Mr Speaker, my concern is that a dearth of private sector investment in agriculture and resource could jeopardise expectation of improved living standards. We cannot again in the future contemplate the risk of taking a step forward that has happened in 2019, only to reverse as was the case in 2020 and 2021.

Private sector investment particularly, foreign direct investment is the only way out of this dilemma. In the short-term, the best prospective for rapid investment will be the opening of the Porgera mine with medium term potential improved by the Government's growing commitment towards the SME sector and agriculture, along with the 20 year Connect PNG initiative.

Mr Speaker, the bank and telecommunications levy unfortunately has clouded the important message of the Budget and that has been emphasised by the Treasurer. I refer to his 'lighten the burden on families' promise.

The huge increases in public expenditure on health and education will certainly act as a cushion in the phase of declining employment levels. The promise of full government tuition fee subsidy represents a virtual return to free education. As the Treasurer points out, this is the highest level of support ever accorded to the education sector.

Another big positive is the 19 per cent increase to K5.8 billion in the Public Investment Program. This has increased by a 167 per cent since 2018 when it stood at K2.2 billion. These programs would hopefully create the much-needed boost in the nations job creation capacity, and along the improved agriculture productivity, could play a significant role in broadly improving living standards of our citizens.

I thank you, Mr Speaker. May I take this opportunity to wish every Member of Parliament and yourself, Mr Speaker, a very Merry Christmas and a prosperous 2022.

Thank you.

Mr BRYAN KRAMER (Madang – Minister for Justice and Attorney-General) – Thank you, Mr Speaker. On behalf of my family and the people of Madang I would like to extend my sincere condolences to the family, friends and the people of Middle-Ramu, on the passing of the Late Honourable Jonny Alonk, who was a son, father, brother, friend and a Member of Parliament.

Mr Speaker, I would like to thank you for giving me the opportunity to contribute in this debate on the tabling of the 2022 Budget.

I sat and observed many comments made from both sides of the House and mostly from the Opposition. The Shadow Treasury Minister for the Opposition emphasised the issue of difficult times that we are in and talks about the impacts of Covid-19 on our people, then going to the issues of how do we stop the pandemic, and reflecting on the National Budget as being unrealistic.

Mr Speaker, it is important to note, the same Opposition gave the same views in the last Budget, saying the 2020 Budget on revenues was unrealistic.

Mr Speaker, what I did not hear today was any Member of the Opposition actually challenge or make points like, did the Government achieve or is on track to achieve its 2020 revenue Budget? They haven't.

There was an opportunity for them to seize the moment to say that in 2020, this Government tabled this Budget and projected this forecast in revenue and projected this spending so, this is where the Budget is now. Yes, a Supplementary Budget was passed and it was appropriate to do so, because we made a windfall of K670 million in revenue. And for the Government to spend beyond its revenue, it must pass a Supplementary Budget.

Unfortunately, the Opposition failed to explain that in Parliament. Instead, they focussed on 2019 strategy when there was no pandemic. They are trying to hold the Government accountable for a Budget strategy prepared in 2018 when there was no hundred-year pandemic. There was no difficult times and they are trying to benchmark the Government's performance and the Treasurer against the time in 2019 pre-pandemic which appears non sensical.

Mr Speaker, we have heard other comments from the Opposition, notably from the former Prime Ministers and Treasurers. One of the them making a point against the Treasurer for passing a Supplementary Budget. Yes, the Treasurer passed a Supplementary Budget in 2019, after the Government had changed and taken to reset on reassessing those debts and refinancing those debts.

Yes, the Treasurer passed a 2020 Supplementary Budget and in 2021, he passed another Supplementary Budget to reset because there was a windfall of revenue. But, what the former Treasurer and the Member for Alotau forgot to realise is, he has been part of a Supplementary Budget since 2011 to 2017 then he became the Minister for Treasury. He himself presented a Supplementary Budget in 2017 and 2018. Yet he is asking the question to the Treasurer on why there are too many Supplementary Budget.

I will state for the record that, the former Treasurer and the Member for Alotau never passed a Supplementary for a surplus of revenue.

Mr Speaker, I also noted the comments from the Shadow Treasurer talking about the issue of his uncertainty of where PNG is.

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But, that's the purpose of a budget to provide a road map. Budgets are planned on what you think will happen. And the best budget will be able to do a very accurate budget to the

outcome. But there will be years where you cannot predict a 100-year pandemic or predict the impact of Delta Variant that the globe had to face this year, that impacted our budget, but somehow, we managed to have revenue.

Mr Speaker, I noted the comments from the Opposition Leader, unfortunately never stated anything in relation to the budget or response. The Opposition Members took issue that they were never given the full documentation. But actually, they were given 95 percent of the documentation. The only document that they didn't get was volume one, which talks about policies, otherwise, they got the actual budget speech and the bills.

As for the benefit of the members of the public, we don't pass the budget books we pass an appropriation and it's a bill. These other large papers that we carry around are simply supporting paper for information and that's all that we pass on the Floor of Parliament. An appropriation bill, is a law that allows the Government to spend the people's money.

So, 98 per cent of the document, the Opposition did receive but if they didn't receive then I didn't receive either. So, it's not an issue of them not receiving full disclose and therefore not being able to respond properly.

I am sure if they had bothered to basically contact the Treasury, they would get it, because they seem to get other information that is not supposed to come out, and I would have had problems getting that sort of information. I am sure they could have asked their sources who leaked the information to give volume one of the policy documents and they would have got it.

Mr Speaker, on the issue of the former Prime Minister's comments in relation to our people being unemployed, it is true because of the economy and the pandemic. And then, in the same speech, he wants us to cut backed salaries and wages of our public servants. So, if the Government acted on his advice and sack public servants and when they are unemployed, then he will come back and accuse the Government of public servants losing their jobs.

So, what is the Opposition's position? Are you saying, we should start sacking public servant or start employing them? The Government employs over 280 000 people. The comments by the Governor of East Sepik and his impact of the levy, but the biggest contributor to the public servants and the number one super is the Government. We pay wages for them and we pay their superannuation contributions. So, it's not like we are the bad guys in the whole scenario. We also fund the hospitals, police and education. The company that they work for don't fund that, but Government does. We are the biggest spenders on noncommercial projects and interventions and not the private sectors.

We are handing down a K22 billion record budget in an extremely difficult time. Unlike other countries, I am not sure whether they will declare any revenue surplus, but if we don't spend and we start to cut back then our economy drops, then people lose jobs and even teachers and police don't get paid. The Government even invested in gender-based violence and it's a record setting.

Mr Speaker, the consensus issue is the introduction of a dominant market levy tax and that's the elephant in the room, that is the contentions issue, and you can understand from private sector that they are raising concern because they see the Government reaching and taking the profits they have earned.

This tax is applied to two companies; are they reporting losses? No! Have they reported losses during the pandemic period? No! Actually, they will report the largest profit since their existence.

The Bank of South Pacific earned K896 million in profit after tax in 2019, in 2020 it declared K806 million profit.

This year, Digicel will declare record profit and BSP announced its mid-year profit this year at K449.3 million for half the year ended 2021, which they stated was at 17.6 percent increase.

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So, we have heard statements here about 9 per cent being taken away from super contributors. The bank is making a 17-projected 6 increase. In the third-quarter, they also announce a K248 million third quarter profit after tax.

Mr Speaker, the company static is a success, no question. And it is on track to declare K1 billion profit. And the decision was made by our Treasurer in relation to introducing a levy tax. Now we understand, you increase any one's tax, be the politician's, be a customer for BSP or a customer for Digicel, they will take issue. You increase fees on them removing money, you increase fees on them depositing money. They will get upset.

So, the question is, where did this billion-kina profit come from? Did it come from industry? Who is BSP's biggest customer? That's the Government. When we spend K22 billion, where does most of that money go? If someone were to quantify the Government's contribution to its revenue of tax, what would that be? K200 million, K300 million. We keep the country going, that allows businesses including BSP to profit. So, what is a net effect of introducing a K195 million tax. Well, instead of getting maybe K900 million after profit tax, you might declare only K700 million.

So, these are the facts that no one seems to be discussing. They talk about those companies going and the passing on that cost to its customers, to our people. So, let me get this straight, Mr Speaker, the company that is only going to go from K900 million to K700 million sees justification to go down again and tax ordinary people just so it can make K900 million?

So, Digicel, a company that started here in 2007, operated in 2008. I had the opportunity to do some research to look at its earnings. In 2008, K100 million sales in less than six years it got towards billion kina pay offs. This is not export. This is our people, domestic market generating revenue for them. Billion, and it maintained that billion consistently.

In 2016, it records of up to 1.2 billion sales. In 2016, 2015 and will continue. It's a profitable business. In less than six or seven years, we became their number one profit centre. They operate in 32 countries around the globe, Papua New Guinea we became their number one most profitable centre.

Now, they are talking about reducing non-commercial towers, but my question is, Mr Speaker, when did they ever invest in non-commercial towers? When does BSP ever invest in non-commercial? Every business decision is based on investment and return on investment. Let's be honest.

So, the other day, I called up Digicel Regional Manager to ask about setting up a tower in an area where there is no signal. And the response I got was sorry we have to do first-research to establish whether its profitable to us. They didn't say, they can do that because it's part of their non-commercial policy. I'm questioning whether a single tower in this country is non-commercial?

And in addition to that, to hear that Members of Parliament are funding towers. Why would we waste people's money to fund a tower? What company in their right mind would be taking people's money that are supposed to be spent on investment, health and education? And happily, take it so that they can make a profit for their tower.

Mr Speaker, I understand from business their concerns as anyone would; the question is, is it fair?

And many might say it is and it's not, depending on what argument you fall on. But, we are in difficult times. The Government has to demonstrate that it can raise revenue so it continues to borrow to keep the economy going.

I am sure following this Budget's passing, Mr Speaker, that our good Minister for Treasury will take the opportunity to sit down with those main players and put in place some guidelines and understanding of how to make it fair so it's not only targeted to them. But, everyone has to pay their fair share. If you make super profit in a time of pandemic, you can't

play the victim. If your business closes, and you put your employees off, you are the victim. And surely not a K900-million-profit-after-tax making company.

I'm sure the Treasurer will have those discussions with those industries to re-assure them in terms of going forward what is the best way in the application of these tax? He has already said that on numerous occasions he asked for them to come and sit down and he was ignored. He even organized a time for them to turn up to his meeting when information was leaked that the Government was considering this approach to increase tax.

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They turned up and insisted that we had to run on their time and yet they are foreign nationals profiting and getting paid from our people and our country.

Then there were allegations made to threaten the Government on its decision saying, that 'you will face the people in the elections' and in any other country, such individuals were silly enough to go to the head of State and make such statements. The Government would have deported them but this is not what this Marape-Basil Government would do.

Mr Speaker, to conclude, I would like to commend the effort of the Treasurer. This may not be a popular budget, but we have demonstrated in the last budget that we can achieve goals and we are demonstrating with this budget. So, while the Opposition continues to say it is not achievable; what is new; they say that every year. Rather than actually using the opportunity to compare and assist, they have not once said, 'look you said this but you did not do this'. We heard the Member for Alotau raising the issue about Kumul Petroleum spending on sports and if spending on sports I'm not sure if spending on sports in affecting our budget.

The Kumul Petroleum since its establishment has contributed K4 billion to the State in dividend. So, what the Member for Alotau is saying is that, 'no; we should not have done that', so that we could have foregone K4 billion. I am not sure what exactly he is suggesting because he said we should have applied a levy, but he did not say what that levy would be. And he did not give projections as to how that levy would compensate or a better option than investing. The Kumul Petroleum now has an investment worth billion in US dollars and we are able to borrow and invest in other projects because we can use that as an asset.

And as the former Prime Minister raised the same issue about spending money and making empires; he is correct in saying so. He said a billion and three of those billions was from the UBS loan which he himself directed and they funded, that was his own decision. And yet he comes to Parliament and blames this Government, offering alternatives of what we should not do and what he did. He was also the Public Service Minister in 2011, back then, the

total public service emolument was K2.5 billion but as the Prime Minister and in less than eight years, he brought it to K5.6 billion; so, we are dealing with legacy issues. And, he is correct to say that they are partly to be blamed, because he contributed to it.

Mr Speaker, thank you and this is my contribution to the budget debate.

Mr ELIAS KAPAVORE – Thank you Mr Speaker.

Mr SPEAKER – Sorry Member for Pomio, before you speak, I would like to say here that do not be like the others. Do not leave straight after you speak. Stay and listen to what the others are saying as well.

Mr ELIAS KAPAVORE (Pomio) – Thank you, Mr Speaker, I will be around till the Parliament adjourns today. Before I proceed with my contribution towards the debate, I would like to share my sincere condolences to the families and the people Middle Ramu for the loss of their Member, late Jonny Alonk. I just have a few observations that I would like to make regarding the health sector.

Firstly, I would like to commend the Government on the appropriation of the K50 million towards the cancer facility at PMGH. It is good to see what one government started is being completed by another. There is no need to compare but we need to compliment each other because at the end of the day; it is the people that we are to serve.

The second thing that I have noticed about the budget is an increase in funding to the Catholic health services of K109 million. There are a lot of our rural health facilities that the Catholic church is running and I would like to say thank you for this. Thank you, also for the funding of church run facilities throughout the country.

There are also a few observations that the health sector has to go back and look into, and make some considerations so that we can make boost our health system and make it stronger. There is a provincial health authority in the health sector and their allocation this year is K2.8 million. And there is another K9.8 million allocation for the PHA secretariat. The PHA has work to do so their boards must understand what it is, that they have to do, to ensure that the provincial health sector is running well and this appropriation will ensure the PHA does its work.

Mr Speaker, another thing I have seen which is not well with me is the reduction in the drug resistant TB allocation of K14 million this year to K10 million next year. We should maintain that to ensure that our country becomes resilient to the disease and that we control TB

in the country, especially when we now have a high rate of multi-drug resistant TB in the country.

There is also a reduction for the allocation in the terminally ill health services, from K4 million this year and reduced to K1 million next year. When we talk about terminally ill health services, we are talking about maternal mortality and child mortality. These sicknesses affect all people; especially those vulnerable in the society, so we need to be consistent in our appropriation if we need to control maternal, and child mortality in the country.

I am bringing these observations to light so that the health sector can be able to review its budget appropriations and set its programs so that we maintain consistency in the important areas which need our uttermost assistance, besides the Covid-19 pandemic.

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Mr Speaker, speaking of vaccines I must say there is no funding allocated in next year's budget, I stand to be corrected by the Department of Health. But I see that there is nil funding for cold chain for next year.

These are important fundamental areas of health where vaccine must be available to all our people in their district health facilities. As I speak today, infants born, many are missing out on the Bacillus Calmette-Guerin Vaccination throughout the country. BCG prevents tuberculosis. There is a wide spread of tuberculosis in PNG and when infants are not vaccinated straight after birth, this will be a huge risk to our country. I must confirm this with the Health Department, but I hear there is no BCG vaccine for the last eight months to date.

Mr Speaker, there is reduction of funds in terms of governance and boards where we still have issues. Also funding reduction in the workforce, standard accreditation, infrastructure, hazards and standards. These are areas that will put strain on the health system. If we are to build a strong health system, we need to consider these areas so that the relevant people can strengthen our systems in this country.

Mr Speaker, while on these few reductions, I notice the increase of a total of K27 million allocated to the Office of the Secretary for Health, two deputy secretaries and four directors in the Department of Health. Last year, the same offices got less than K500 000 especially the executive managers. But this year they went as far as K2.5 to K3 million in some of these offices. So, what are the monies for? These funding is kept at the executive managers position and the deputy secretary's position. That is a huge increase and some of these are unwarranted increases from the previously one. So these are some of the strange things I just

observed from the Budget which I believe we can go back and revisit and make sure that our public servants are doing their jobs properly.

Mr Speaker, in regards to the mental health which normally receives over comprehensively under vote 240 is now funded under the newly established agency that is 623 directorate of Social Change and Mental Health.

Mr Speaker, the Laloki Psychiatric hospital, today as I speak has got outstanding critical corporate and clinical governance matters that need to be addressed by the Department of Health, especially, to do with the implementation of the *Mental Health Act of 2015*.

There are no trained psychiatrists at all at the Laloki Psychiatric hospital and many referrals that need to be up at Laloki are not given that opportunity because of this fact.

I think this is an opportunity to present this issue on this Floor so that respective administrative arms of the Department of Health can look into that.

Mr Speaker, the St Johns Ambulance also is not factored in the 2022 National Budget. Is this an oversight or a blunder? The decision not to allocate funding to this important area is sad. We have seen a lot of good things carried out by this ambulance services and we need to continue to maintain the funding for them to continue the good work they do.

If the Government imposed a two (2) percent tax on the Tobacco this tax income should be utilised in the essential basic health services like the ambulance service and the primary health services in the state.

Covid-19 response is allocated K62 million, as I see in the next year's Budget in total. Despite the Department Health not having a response plan or not. According to *the Pandemic Act, Section 9(8)* of 2020, it requires the Health Department having a response plan available.

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We are not sure whether there is a plan in place that is actually controlling the allocation of funds or not. This is mainly due to the fact that there is no national health plan to determine the key priorities and the expected outcomes.

Mr Speaker, the previous plan covered the period 2011-2020, and lapsed in December 2020. This means, for the past 11 months, the NDOH has expended hundreds of millions of kina without a plan which is key government policy document and required under *Section (4) of the National Health Administration Act 1997*.

The *Pandemic Act 2020 section (8)* under the Functions of the Controller, requires for the development of National Response Plan and *section (18)* gives mandate for the development of the Provincial Response Plan. I am not sure if these plans are in place.

Mr Speaker, there is a new Corona virus strain named Omicron detected in Africa and already within the region. This will continue to cause challenges and uncertainties in the public sector workforce, especially with Covid-19 vaccinations.

Mr Speaker, I am also speaking as the co-chair to the Public Sector Reform and Service Delivery because there is a lot of confusion today in the public sector work environment and there is need for Department of Prime Minister, Department of Health, Department of Labor and the Department of Justice and Attorney-General to put together a special public services general order, so that it can give clear guidelines on how to conduct health and safety workplace in the public sector.

Mr Speaker, as we conclude another year, I have been talking about revisiting the regulations the *Provincial Health Authority Act 2007*. We need to have this in place because there is not much funding reaching the hospitals PHA's and there is a need for a greater, stronger and effective PHA system that will only come through their respective regulations.

I call on the Government to launch the National Department Health Plan. If it is not launched yet, we still have a year and a month to go and this is a very important document. I believe that the Secretary of the Department of Health and his team have failed the country by not having this plan in place in the last couple of months. It is important to have this plan because our PHA's will align their plans with the National Health Plan so it is critical to have this plan as a matter of importance.

I support the call made by the Governor of East Sepik to relook today and consider the Constitution which talks about equality and fairness in distribution of resources. Under the National Goals directives and principles, it talks about distribution of resources. For example, my district has a land mass of 11 square kilometers, which is almost a province on its own but there is not enough funding allocated to us to cater for health, education etcetera.

There should be a policy that caters for equal distribution of resources in the country where districts with larger land masses are allocated more funds whether you are in the government or the opposition moving into the future.

Mr Speaker, I am sure that many of the points I raised today will be addressed by the Department of Health so that we all can take part in improving the Health System in our country.

Thank you, Mr Speaker.

Mr SPEAKER – Honourable Members, before the Chair allows another member to speak. I want to debate on this Budget. The Chair notices that many members are standing to

debate so the Chair will allow time for everyone because this is the last Budget for this term of this Parliament. Even if it means we sit beyond five O'clock.

Sir JOHN PUNDARI (Kompiam-Ambum - Minister for Finance and Rural Development) – Thank you, Mr Speaker. Allow me to speak on behalf of some good citizens of our country who contribute to our revenue and as a result we are here to deliberate on our money plan.

Mr Speaker, let me take this opportunity to thank our good corporate citizens of our country who declare an honest declaration and pay their taxes to the Government of Papua New Guinea. I thank them for the royalties that we continue to enjoy and the Custom Duties and Withholding Taxes held for the employment opportunities that our people enjoy as a result of the workforce.

Mr Speaker, I also thank them for training our local workforce and looking out for corporate social responsibilities. Let me also thank the development partners in particular the World Bank, International Monetary Fund and the Asian Development Bank who continues to support our Budget.

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Mr Speaker, engaging our local suppliers is very important and as well training local workforce. I must make particular mention of our good friends like Australia, New Zealand, Japan, European Union, United States of America and other development partner countries for the budgetary support that we continue to enjoy and also for their support in institutional capacity building.

Mr Speaker, yes of course, I have to acknowledge and thank the Exim Bank for funding some of our infrastructure. Let me also thank the Exim Bank for missing the local content. Local content seems to be ever missing insofar as Exim Bank loans are concerned to our country. I hope that going into the future some considerations by the Exim Bank can be given to local content as do the Asian Development Bank, the World Bank and all the rest.

Mr Speaker, it is sad to say that most of the transactions with the Exim Bank land overseas and, therefore, the multiple effects of loan from the Exim Bank is not felt in our economy.

Mr Speaker, let me also take this time to thank all our mothers, fathers, young men and women that continue to work hard in their gardens. As we sit here to deliberate our Money plan and Budget, we must also know that they are also contributing one way or to our revenue. For

instance; an in-law of mine from Rigo brings a banana to Boroko market, sells it and makes some money and shop at the Stop & Shop, buys some items there and They are contributing to the revenue that we are here to deliberate on.

Mr Speaker, as a result of that Stop & Shop pays wages for a worker there who then pays income tax to our revenue. He goes and buys something at a motoring shop if he owns a motor vehicle, thereby giving a rippling effect on the economy. We cannot forget our subsistence farmers. they do contribute and here we are as their leaders and servants of them deliberating on the money plan.

Mr Speaker, I do not forget our micro, small and medium entrepreneurs in the country. They do so well also in declaring an honest tax and ensuring that reports are transparent and accountable. I say this because we also have dishonest people out there and I know that IRC is working tirelessly hard to making sure that the genuine taxes come in. Talking about multi medium enterprises - at this juncture - let me thank the Bank of South Pacific.

Mr Speaker, on the supply side of the government intervention program had invested K200 million. K100 million went to the Bank of South Pacific, K80 million went to the National Development Bank and K20 million is with the Trading Industry. I am glad to hear that the Bank of South Pacific has loaned out to more than 350 small to medium enterprises of Papua New Guineans.

Mr Speaker, the Government has further allocated. K200 million in this Budget. The Marape government is also well aware of our high demand for services as well as our revenue constraint and injection of capital into the SME sector. This deliberate policy intervention will help us grow the economy going into the future. We must stay focused and ensure that our local entrepreneurs are given their rightful space. Giving another K200 million through this Budget, I believe, Mr Speaker, will of course, go a long way.

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Mr Speaker, there's a great deal to be done. I know that the National Development Bank haven't yet rolled out the K80 million but I am sure that they are already embarking on it and that's money that's going to go into the economy.

Mr Speaker, at this juncture let me also acknowledge some of our educated elites. Someone by the name of Koran Maso has been able to work with farmers in the Eastern Highlands, bringing some daylight to some of our mothers and some of our fathers in the subsistence sector by delivering some of their sweet potatoes to the markets in Port Moresby.

Mr Speaker, this is the collaborative efforts of us as Papua New Guineans who can work together in growing our economy and growing from strength to strength.

The other Government intervention, Mr Speaker, is in the supply area of investment in trying to grow the economy, is the Connect PNG policy. As a result, 2000 km of roads were built in just two years is an achievement.

Mr Speaker, may I also say that many or if not all of our local contractors participated in them. That means that money stays in the economy; that means that money is filtered into the economy; that means there is rippling effects on the economy as a result of our local participants. Mr Speaker, we will continue to help support ensuring that we create wealth and grow our economy going forward into the future.

But, Mr Speaker, as I stand here let me also take this opportunity to thank not only the Treasury Department, the hard working Minister for Treasury and Planning and his good Secretary but my department the Secretary for Finance as people who participated well in providing that leadership in generating that revenue so we can come and sit down here and look at what we want to spend on.

Mr Speaker, given the fact, on the IFMS hacking, we were challenged with whether we would be able to deliver this budget on time. Today I sat here listening to the leader of the Opposition saying that we were two days late. We are not late; we are right on time. Even given the challenges, Mr Speaker, my department under the leadership of my secretary, has stepped up to the challenge to make alternative arrangements for today for us to sit and discuss our money plans going forward and, therefore, I place on record my sincerest of appreciation.

Let me at this juncture, while thanking the good Minister for Treasury, let me take this opportunity to thank the good commissioners of Customs and IRC. The two young men have lifted the game, Mr Speaker, with the support of all their senior technocrats and officers. The motivational spirit that they have had, even in some challenging times, have raised that revenue for us.

Mr Speaker, as I speak today, their projected outcomes for their revenue for this year is on target. When we close this year, don't be surprised if they would have gone past their revenue targets for this year.

Mr Speaker, whilst I have this opportunity, I just want to place on record, our sincerest appreciation to the public servants who get up there and provide such leadership in times of difficulty. We come here and we sit down and we want to spend money over here, we want to spend money over there, but Mr Speaker, someone has to provide that leadership to raise that money for us and they have done well.

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They have done well under the leadership of Prime Minister Marape, with lieutenants at Vulupindi led by the Treasury Minister himself. Mr Speaker, these are not easy times but indeed challenging times and we have risen up to those challenges. The leadership has been there; the support of our bureaucracy has been there and therefore our sincere appreciations.

Mr Speaker, innovative thinking in the right direction has given us added revenue in the likes of Commission General having to come up with an idea to configure *Section 65 (a) of the Goods and Services Act*. The IFMS has given us increased revenue and as I speak today, we have collected well over K70 million. This has been cascaded down to our districts as well as our provinces to participate. This income is going to continue to grow.

Mr Speaker, with regard to our achievements in our sectors, we have performed very well despite all the odds against us given these hard times. This is something our brothers in the Opposition including all of us together need to acknowledge and appreciate when you talk about administrative expenditures.

Mr Speaker, out of the K19.6 billion by sector, we have spent about K5 000,18 000 in the area of administration. In this year's Budget, we have K8 billion K800 thousand and that is an increase of about 7.5 per cent.

Mr Speaker, with regard to law and order; we spent K924 million. In the social sector, we spent about K1.7 billion. In the economic sector, we spent another K342 million. In infrastructure, we spent K449 million. For the provinces, we spent K3.5 billion. All these allocations by sector have had an increase in the current Budget. These expenditure and appropriation to date is apart from the energy, power supply, internet connectivity, water and sanitation, ports and airport development.

Mr Speaker, in this year alone, over K119 million has been allocated to capital expenditure for the Department of Works for the connectivity projects. The details of the roads to date can be provided and has been stated by the Minister for Works in his debate. However, in brief we have built the Keltiga Junction to Kagamuga Road, the Mariamberg to Wewak Road, the missing link between Gulf and Southern Highlands, the Jogaba Junction to Mendi to Tari, Lae to Nadzab Road, Telefomin to Tabubil Road, Goilala road project, Bulolo to Port Moresby and other projects under the Transport sector.

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Mr Speaker, we can help ourselves because we have achieved about 70 per cent in average in some very difficult times. The percentage of expenditure to appropriations, we have actually done well and the good thing about this is that our own national contractors have been associated with these road contracts.

Mr Speaker, all the funds were given to the districts and provinces as well. Everyone getting involved in a pandemic period helps to ensure that we have money in our pockets and bags through SMEs and feeding the economy.

Mr Speaker, the Connect PNG project funding will continue to 2040. The Government is focused on connecting all provinces and districts to support our SMEs, easy transportation of medicines and health staff into our rural settlements, create jobs and improve lives of our sub-national people. We've done very well.

Mr Speaker, 2000 kilometres of roads in two years is an achievement. We have built roads as a result of this Government's intervention directly to districts and provinces. It is not funded from this figure; this figure is from the Works Minister. The Works Department has discussed about it but we haven't got the figures of the length of all the roads that we have built in each of our districts. In my district, we have built thousands of kilometres of roads and we have maintained them. I speak the same for many of our districts that we all represent here on the Floor of Parliament.

Mr Speaker, it is an achievement and, as I speak here today, most of the funds are still in our accounts. Most of the monies that the Government put in whatever sectors in addition to the DSIP and PSIP are still there. Even when we obtain it and as we spend it going into the new year, we will continue to invest into the local economy and we will stand strong. With the additional allocation for our district roads, the districts and provinces are winners in this Budget. You have to grow your economy bottom up, not top down. Get your people to participate and that is what this Government is all about.

Mr Speaker, we have done very well also in paying off arrears. The Health Department will go into the new year on a clean plate without having to carry over arrears over many years. That is a step in the right direction insofar as the health of our people are concerned. This year, K300 million is allocated but on record, unlike any other government, this has been the government that has paid a record K105 million to PNG Ports in arrears.

Mr Speaker, we must also look at the arrears of the Electoral Commission before we go to the elections as well. I see that my time is up and I will humbly ask the Speaker to incorporate the rest of my statement into the *Hansard*.

Mr Speaker, given a very difficult time, we have worked very hard, leadership has been right and bureaucracy has been right. I lift my cap off to all those who have stood the test of time.

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This is not the time to talk ourselves down. We have stood the test of times. We have won the confidence of our international partners and friends. We have done very well.

Mr Speaker, may I also say that we have done so very well even in the absence of Porgera. Porgera has shut down but we lifted again and I have every confidence going into the new fiscal year, that we will deliver on the Budget. Porgera, Papua and Wafi Golpu coming on will be a bonus for us. A bonus for us.

I ask leave of Parliament to incorporate the rest of my speech into the *Hansard*.

Leave granted.

The rest of the speech reads as follows:

Through the good work of the Arrears Vetting Committee, we continue to pay off 2018 APEC arrears and will soon vet and pay an approximate K85 million in health medical supplies and pharmaceutical arrears by the Department of Health. This will give them a clean start from 2022 to better manage their supplier payments. A further K128 million in claims from the Electoral Commission is also, as we speak, going through a vetting process before commitments are approved for payment.

In addition to arrears, this Government despite the current economic challenges, has managed to pay down its Nambawan Super arrears by a further K148.4 million this year and last week, a K7 million warrant was issued by Treasury for the Life and Medical Insurance for our essential nursing officers. We can now make this payment. This will provide our essential nursing staff the reassurance that their health and life cover protections are in place for themselves and their immediate families. A great achievement as the country relies on our good nurses and doctors and all other clinical staff to help combat this Covid19 pandemic and protect the people of Papua New Guinea.

Let me move onto our provinces and districts budget. This Government is committed to ensuring our provinces and districts are provided economic stimulus funding due to the loss of business they may have suffered due to the restrictions from Covid-19. While the greatest

need has been in the Western, West Sepik, and Eastern Highlands provinces, we have ensured that funding has also been provided to all our provinces and districts. To date the Provincial Sector has expensed 74.7per cent of its total budget of K4.7 billion. This 74.7per cent amounts to K3.5 billion and is made up of K1.7 billion in payroll, K300 million in goods & services, and K1.5 billion in development grants.

This Government has to date in 2021 paid:

- K190.1 million in Provincial Support Improvement Program (PSIP). That's over 82per cent of its budget of K220 million.
- K787.2 million in District Support Improvement Program (DSIP). That's over 88per cent of its budget of K890 million
- The Agriculture and Livestock Programme Budgeted at K2 million has been fully paid
- The Lae City Roads under the Provincial Roads Transport Program, budgeted at K10 million has been fully paid.
- The Ihu SEZ Research, Economics and Marketing Program, budgeted at K10 million has been fully paid
- The Ihu-Kikori Road budget item for K4 million has been fully paid. The new provincial headquarter infrastructure in Jiwaka-budgeted at K20 million has already been fully paid.
- Provincial Headquarters in Oro-Budgeted at K5 million, already fully paid.
- Agriculture & Livestock Programs including Simbu's Fresh Product Marketing, budgeted at K5 million, already fully paid and West New Britain's agricultural development budgeted at K2 million, already fully paid
- Construction and upgrade of National Roads, budgeted at K59 million and already expensed to over 70per cent
- The Goroka Market Redevelopment, budgeted at K2 million and fully paid
- Various Roads & Bridges Programmes across all provinces and districts, budgeted at K246 million and expensed to over 72per cent to date
- Government is committed to paying the full Sub-National Budget of 2021 to all provinces and districts before the end of the year.

Mr Speaker, in addition to the subnational budget, funding to the Provincial Health Authorities has amounted to over K623 million todate, out of a budget of K996 million. This Government is adamant it will pay every toea to our PHAS as per their 2021 budget, as this is

critical expenditure during this pandemic. A total of K42 million paid in Foundation PIP to provinces and districts. The Government Foundational Program is an initiative of the National Government that was first introduced in 2020 Supplementary Budget to provide appropriate intervention programs to complement the current DSIP and PSIP programs in alignment to the Medium-Term Development Plan III.

Like I mention, this Government is about spending money to stimulate the economy and provide a better environment for its people. The Government's priority areas of education and health are receiving their budgeted expenditure. Education subsidies namely the Government Tuition Fee Subsidy (GTFS) budget of K328.5 million has been fully paid to Department of Education to distribute. The K33 million budget for Tertiary Education Study Assistance Scheme (TESAS) has already been paid to Department of Education in full. Port Moresby General Hospital has expensed K32 million, of its goods and capital budget of K34.6 million.

The budgeted K200 million for SME Funding for Agriculture is being set aside and waiting on priority funding to release this to BSP and National Development Bank just as we did in 2020. I am told by BSP that a good percentage of the K100 million provided last year in 2020 has already been lent. This is enabling our agriculture sector to continue to grow and prosper in this economic climate.

I note that all public and statutory bodies are receiving their budget funding. There should be no reason why all national and subnational agencies are not using these funds to develop their plans and provide service to PNG.

Let me now turn to offshore loans and internal borrowings although the specifics I will leave to our good Treasurer. This year alone, we have paid K933.7 million against our Credit Suisse Loan, that was budgeted at K937 million; difference due to foreign exchange. In April and October, a further K149.5 million was settled against Sovereign Bond interest. In addition, so far this year K538 million has been paid in interest, fees, and principals on external loans from ADB, the European Investment Bank, and loans from our bilateral creditors such as China, Japan, and Germany. That's a total of K1.7 billion, that Government has managed to pay on debt and continues to make good on all its debt repayments.

7. Conclusion

Mr. Speaker, we can clearly see from this presentation that we have been able to fund our 2021 Budget with the challenges we have faced. We are equally confident, with the revenues raised internally and with support of our development partners, we can say this budget is feasible.

Let me conclude. This year has proven to be a difficult year for the whole of Papua New Guinea. With Covid-19, combined with a contraction in the resource sector, this has had a negative impact on the PNG economy. According to the economic outlook, the impact has derailed the PNG economy from the prospects of a strong recovery projected in the 2021 Budget. The non-resource sector however remains on track and is estimated to grow at 3.9 per cent. The non-resource sector includes agriculture, forestry and fishing and the retail and wholesale, manufacturing, construction among others. Overall, the domestic economy is estimated to grow in real terms by 1.5 per cent this year. Despite the economic impacts from Covid-19 both domestic and global, PNG economy continues to grow. This Government is committed to its development and strategic objectives, and it needs all partners working together to drive the economy forward and give the people of Papua New Guinea a better life.

Thank you, Mr Speaker.

Mr JELTA WONG (Gazelle-Minister for Health) – Thank you, Mr Speaker for allowing me to say a few words on the Health sector budget response.

Before I say that, I would like to pass my condolences to the people of Middle-Ramu on the untimely death of the Late Honourable Jonny Alonk, who was a great and humble Member of our Government and a strong member of our Party; the United Resource Party.

Mr Speaker, our country, along with every other country in the world, remains in the clutches of the Covid-19 pandemic. We can see the light at the end of the tunnel and as borders continue to open up people are getting back to business, but new threats are emerging. With the Delta variant of Covid-19 still wreaking havoc and now the W.H.O. has identified what they call a 'variant of concern' called Omi-cron. Just as it was when the Delta variant was identified, in the early days there remains a lot that is unknown. Scientists in almost every country on planet earth, including our own Papua New Guinean Scientists, are working hard to understand this new strain and plan to best manage its spread.

Mr Speaker, now is not the time for panic, now is the time to act with purpose. That is exactly what our Government is doing in preparing for all potential risks that Omi-cron poses to our people. But with each new twist and turn in confronting Covid-19, our country and the global community continues to learn and adapt.

There is no doubt, that the past 20 months have placed enormous strain on our health system. The pressures we have faced have exposed long-standing gaps in public health and amplified the chronic inequities in health service delivery.

But grey clouds have a silver lining and from this crisis, our Government is using our resources wisely to reset and rebuild our healthcare system.

This opportunity to take a better path out of this global crisis is built on two factors:

- We are developing a more integrated approach into increased investment in health for a more sustainable future with vastly improved infrastructure; and,
- We are building stronger and more resilient partnerships with both internal and external stakeholders in health.

Mr Speaker, ultimately, from the damage of this pandemic and with smarter and more focused government planning we are building back better.

From the decades of neglect and declining healthcare in our country, we are taking every opportunity to enable this pivot towards achieving universal health coverage in our country. We are doing this not through words, as we have heard from previous governments, but through commitment and action. That is exactly what we see in 2022 National Budget.

This budget has the greatest commitment to healthcare in our Nation's history and it gives us the tools to deliver action on the ground where it is needed. With this budget, Mr Speaker, the health sector sees an increase in core funding of K2.55 billion in the 2022 Budget allocation. This is a 46 per cent increase of K809.6 million compared to 2021 budget allocation.

This is a commitment made by this Government that will have such a positive impact on the lives of men, women and children of our country. Healthcare is different to many government services. Because without good health, our people cannot make the most of everything else our Government is doing in areas such as education, roads and law and order.

On behalf of every patient and client of our healthcare services, I thank the Prime Minister and the Treasurer for their leadership in providing for a healthier future.

Mr Speaker, this a very responsible budget, that enables us to advance our National Health Plan goal of leaving no one behind. This budget helps us to move beyond failed plans of years gone by, and responds to prevailing challenges and emergency situations.

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Mr Speaker, there are several critical areas in this budget that need to be highlighted that impact the lives of our people in every district and province.

These include: ensuring that 6,000 Christian health services, catholic health Services, nursing and other staff are captured in the Alesco payroll system in 2022; we have increased

funding support for medical supplies procurement and distribution; and, the Government has made an allocation of K15 million for Nurses Awards, which is something that is long overdue.

Mr Speaker, this budget places emphasis of investing in long term resilience for us to respond to future health emergencies and crisis. This has been factored into the New National Health Plan 2021-2030 with well-costed interventions.

Mr Speaker, the K2.5 billion health sector budget for 2022 is inclusive of the operational costs of K569 million, accounting for 22.3 per cent of the total health budget. Capital cost are the largest component K1.076 billion, or 42.2 per cent of the total health sector budget. The component of the health sector budget that will be supported by our development partners is K586 million. That is 23 per cent of the total budget.

Mr Speaker, the total Capital Investment Budget for 2022 is K1.07 billion. This is an increase of K436.8 million compared to the 2021 appropriation of K640.1 million. This increase includes the District Service Improvement Program (DSIP) funds that were reallocated to the Rural Health Infrastructure Development. For this, Mr Speaker, I would like to acknowledge and thank the good government and elected members for your great support in health.

Mr Speaker, looking at couple of the more specific areas where our Government is making great change: medical supplies procurement and distribution budget has been increased by 68 per cent from K119 million in 2021 to K200 million in 2022; and, the Health Functional Grant budget has increased by K64.8 million to K109.5 million. Operational funding for health plays a pivotal role in ensuring that health care services are actually delivered.

Mr Speaker, allocation of operational budget to the sector by agencies is as follows.

Public Health Authorities - that are the interface between our people throughout the country, receive just over half of the operational budget. The National Department of Health was allocated K357 million; Hospital Management Services was allocated K242 million; Port Moresby General Hospital, our national specialist, teaching, training and referral hospital was allocated K89 million; the National Aids Council was allocated K5.53 million; the Institute of Medical Research, K13 million; and, the Mental Health Directorate K13 million.

Mr Speaker, as per the National Health Plan, in 2022 we will step up our rehabilitation and construction of provincial health facilities. Central to this is the rebuilding of hospitals in every province and the Autonomous Region of Bougainville. This Government is funding the rebuilding of these hospitals after they have been left to deteriorate for too long. Our people must have, and will have, greater access to their provincial hospitals that will be better equipped and staffed. This Budget properly funds the operations of hospitals and other healthcare

facilities. This includes training and absorption of frontline health workers such as doctors, HEOs, nurses, CHWs, Village Health Assistance, and the procurement of the right medications and other medical supplies.

Mr Speaker, with this continuing funding support from the Marape government, we are making a difference to the everyday lives of our people.

This Government is entirely focused on emerging from this pandemic stronger than we were when it began.

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We are building back better and strengthening health care delivery and infrastructure in Papua New Guinea.

Finally, Mr Speaker, I take this opportunity to also wish all members of this House and importantly the people of Papua New Guinea a safe and blessed Christmas.

Thank you, Mr Deputy Speaker.

Mr LEKWA GURE (Rigo) – Thank you, Mr Deputy Speaker, for giving me this opportunity to contribute to this Budget 2022 debate.

But before I do, I join the other speakers in extending our deepest and sincere condolences on behalf of the people of Rigo and of course the United Labour Party (ULP) to the family of Late Honourable Jonny Alonk, Member for Middle - Ramu. And of course, to his party United Resource Party (URP) heavily led by Member for Hagen Honourable William Duma.

Mr Deputy Speaker, my contribution to this budget debate will be centred around this one particularly issue. But before I do, I want to commend the Minister for Treasury for handing down a very responsible budget. As we live in a very difficult and unprecedented times at the moment, I would like to say that this Budget was handed down for such a time as this because it sets out a part to recovery, it sets out a part to fiscal consolidation and it sets out a part to budget repair. If I may paraphrase the Treasurer himself. And what that does is, it gives us opportunities.

First of all, opportunity to achieve a balanced budget in 2027. It also gives us an opportunity to end up with zero debt in 2034. It gives us those opportunities. So, what it does is, it gives us hope for future.

But coming back to the budget itself, I just want to talk about one particular aspect which should affect planning and budgeting and that is to do with population policy or population growth. And that is the aspect that I want to talk about.

In the budget speech, the Treasurer made reference to the population growth in PNG of 3.1 per cent. And that is the figure that has been featured in the last two or three budgets. 2018, 2019, perhaps last year and this year as well and compared to our economic growth.

So, a population growth statistic from Wikipedia says that in 1800 the world population was 1 billion. It has now grown to 7.9 billion as of last year 2020.

Currently the world gross rate is predicted at 1.1 per cent per annum, which incidentally adds 83 million people to the population worldwide. And the population growth is calculated based on the balance of births and deaths plus immigration.

Mr Deputy Speaker, increase in population does a number of things. First of all, increase in population results in more deforestation. You need to clear places for townships, settlements and gardening areas. It decreases bio-diversity, Mr Deputy Speaker. And with an increase in population, it increases pollution as well as emission.

It has been proven, Mr Deputy Speaker, that each spike in a global population has measurable impact on the health of the planet. So, we need to get a handle on this population for future budgets and planning as well. For effective planning and realistic budgeting, it needs to be based on data and statistics and accurate population.

Mr Deputy Speaker, the last population census for Papua New Guinea was conducted in 2011. That was 10 years ago. So, I guess at this point in time it's all estimates. Some people say the population of PNG is 8 million, others may quote 10 million. So, we really don't know what the real population of Papua New Guinea is but budget should be based on realistic data and statistics.

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Budgets should be based on realistic data and statistics. The point I bring to this debate is that we need to handle our population growth. We need to have a responsible population policy because at the moment PNG is sitting on a neither of the two policies as there are no specific figures. Nonetheless, we need to get a hold on our population.

We cannot expect to control other aspects of life, if we do not control our population or get a good handle on our population. And we cannot control our issues around health, education, law

and justice if we do not know our population. If we control our population, we can make effective good plans for our country. And the effect of those policies will also help in the creation of jobs and improve the Human Development Index of our country. This also brings in good results in areas like poverty reduction.

On this juncture, I want to touch on a point that was raised by the shadow treasurer where he mentioned that the Budget has not made any provision for the Sustainable Development Goals. And this is the way SDGs are addressed. There are 17 of them; these are also referred to as global goals and you cannot deal with any of these goals in isolation. In order to deal with one particular SDG, we need to deal with others as well. Let me just for the record enumerate some of those goals;

- (1) No Poverty
- (2) No hunger
- (3) Good health and wellbeing
- (4) Quality education

Number eight talks about decent work and economic growth. I think we can all agree that this Budget that this Government has handed down deals with some of those issues and it has made record provisions for the Health Department which the Minister for Health just talked about. And in the education sector, in recognition of the times we are in and the provision for GTFS has 100 per cent from elementary through to grade 12. And these are the sort of things that the government of the day is reacting to in order to address those issues. When we address the other SDGs, we are addressing the others as well in the whole process.

The overarching intent of the Sustainable Development Goals is to protect this planet and we only have this planet as our home; unless there is another way with the likes of billionaires looking for other forms of planets to settle on. But as average human beings we are earth bound and this is the only home we know and have and we need to protect it. Therefore; what better way to protect this planet than through controlling the population, not only in our country but worldwide. At the moment we have a population growth of 3.1 per cent; we may say that we have a big land mass but we need to handle the population increase as it will put pressure on all other contributing factors to our people and the country.

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Mr WILLIAM DUMA (Hagen- Minister for State Owned Enterprises) – Thank you, Mr Deputy Speaker. In life we all have our good time and bad times. Today I rise to join the rest of my colleagues to express my condolences on behalf of the Party that I lead, the United

Resource Party, together with the Minister for Health, , my people of Mt Hagen and my family. I express my sincere condolences to the family of the late Honourable John Alonk, Vice Minister for Foreign Affairs and Trade and the Member for Middle Ramu.

Mr Deputy Speaker, I had the privilege of accompanying our Prime Minister with the Minister for Agriculture and Livestock Honourable John Simon, Minister for Education Honourable Jimmy Ugoro, and Minister for Police, Honourable William Onglo. When we visited Simbai it was very clear that the people of Simbai loved their Member and he had a lot of time for them. It is heart-melting now to receive the news of the Member's sudden passing.

Mr Deputy Speaker, it is sad that the rest of us will be going to the polls to seek re- election without our good brother colleague.

Mr Deputy Speaker, I also rise in support of the Marape Government's milestone Budget of K22 billion presented by our hard-working Treasurer who occasionally burns the midnight oil to present the money plans which is acceptable to both sides of the Floor.

Mr Deputy Speaker, given the Covid-19 scenario, I call it a bold Budget which simply seeks to confront the challenges of our future with a sense of certainty for our people. On the back of a very difficult 24 months with the global Covid-19 pandemic, our hardworking Treasurer has announced that our economy for the first time will pass a K100 billion Budget for next year. This government is expecting to return a Surplus Budget by 2027 when no doubt a new Government will have been formed and that new government will be in preparation for the Elections in 2027.

Mr Deputy Speaker, this Budget aptly achieves a 7 per cent improvement of the revenue to the GDP ratio from last year and then re-enforces our Government's commitment to additional public service machinery resources although we all say that we shouldn't increase our public service. With the plans to increase the numbers of our very important public servants such as teachers, health workers, policemen and women and so forth, this is in line with what the Government has been talking about in taking our country back. The strategy that will result in the bulk of our people will benefit from the ever-increasing GDP growth that we all debate and talk about.

Mr Deputy Speaker, I want to commend the Treasurer for his efforts in balancing the very important domestic and foreign debt whereby 79 percent of our interest payments will of course be paid by our domestic financial institutions, the banks, who at the same time employ many of our Papua New Guineans and try their best to hopefully sought our local taxes honestly.

Mr Deputy Speaker, the Treasurer should be commended for steering away our country away from these expensive commercial borrowings in the process lowering the interest cost of loans. This in turn generates greater multiple effects on our domestic economy.

Mr Deputy Speaker, under the Ministry that I lead our SOEs have greatly benefited from concessional borrowings negotiated by the Prime Minister and of course the Treasury team from the Asian Development Bank and our friends across the border, the Australian Government through the Australian Infrastructure Funding Facility for new infrastructure programs following an extensive reform restructure program that this Government has initiated in a more transparent and open manner.

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In relation to the Market Concentration Levy that we have introduced, I for one believe that we must at least support it.

We as a Government have continually been working with our regulators and industry bodies. The banking sector, particularly lead by the Bank South Pacific was the recipient of quantitative measures which was introduced by this Government last year with the Bank of Papua New Guinea lowering the cash reserve from 10 per cent to 7 per cent, paving the way forward for greater income and profit for our banking sector.

Mr Deputy Speaker, although there have been many complaints this levy will only hit companies that control 50 per cent of our market shares.

In banking and telecommunication sector, the question is why not? If they have a dominant market share, they should be prepared to take part in ensuring that there is fair distribution of whatever is in those sectors. Contradicting to what others are saying, in my view, these laws will not discourage foreign investors. Compared to other countries in the region, PNG still contradicts what the national media portrays and it still continues to remain an attractive place of investment with liberal laws.

If we look at our law and order situation, we are okay. There are other countries who are worse. This is what they always say so we have now risen to the challenge and say hang on, you have to share what you have been earning. That is the basis of why we are introducing this levy and we must all support this.

Mr Deputy Speaker, Kumul Consolidated Holdings as a major shareholder of BSP still continues to have that confidence in the banking sector. We think that the banking sector will remain competitive and there will be minimal impact on a year to year basis from the result in increase, by this levy.

Mr Deputy Speaker, KCH also is the largest institutional investor in the Bank of South Pacific has been the recipient of consistent dividend growth with the compounded average growth rate of 11 per cent since 2012, which is more than eight years ago. So, there is no reason why we should not continue this into the future.

Mr Deputy Speaker, if you can remember, Digicel was the recipient of many new telecommunication towers, in most cases funded from the DSIP by members of remote areas at no cost. Digicel has not been able to give any credit whatsoever to those districts.

This gifts by the local member and their people has never been appreciated and recorded in these books. It was about time there was a balance put between ourselves and the industry.

Mr Deputy Speaker, this Budget in my view allows for growth in the economy although one can say that this is an election budget but it strengthens everything that we have done and paves the way for better future. It also addresses the social service delivery service of this Government to increase inauguration and capital expenditure programs.

Mr Deputy Speaker, I would like to commend the hard-working Treasurer, the Minister for National Planning and Monitoring, Minister for Finance and their hard-working teams in ensuring that the continued improvement of budget expenditure realization since 2019, as well as revenue measures remain where they are.

On behalf of the Department of our ministry and my people, I would like to commend this Budget to this House and wish you all Merry Christmas and a Prosperous New Year.

May God bless this government and our country.

Thank you.

Mr KOBBO BOMOREO (Tewai-Siassi) – Thank you, Mr Speaker. Before I go to my debate, I would like to send my condolences to the people of Middle Ramu and the family of the late Mr Jonny Alonk for his passing. He was present here in these last two weeks but unfortunately, he passed on.

Mr Deputy Speaker, I support this Budget that the Treasurer has presented. I would like to thank the Prime Minister, Ministers for Finance and Planning and Monitoring and their teams for preparing this Budget. As many are saying, this is a balanced budget which suits the smaller people and enlightens many areas.

Mr Deputy Speaker, thank you for the opportunity to address this honourable House as the Vice-Minister for National Planning. It is with great pleasure to reinforce the economic potential of the 2022 Capital Budget and to point out our efforts as a government to close in on

the large disparities between and within provinces and districts and between urban and rural areas which continue to be a critical development challenge for Papua New Guinea.

Mr Deputy Speaker, lightening the burden of people and unlocking our rural economy as the key theme taken forward by this Budget not only emphasizes the significant risks which we are taking as a government but it also brings to the fore three important points.

Mr Deputy Speaker, firstly, the aspirations of this Nation as highlighted by this Government in its Strategy Plan and Medium Term, where we are clear through the Loloata Leaders Commitment and Medium-Term Development Plan III 2018-2022, need to be supported by provinces and districts through our respective development plans including the sectoral policies and plans.

Mr Deputy Speaker, we thank those districts that have been working closely with the Department of National Planning and Monitoring on the alignment exercises of our development plans.

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Mr Deputy Speaker, we thank those districts that have worked closely with the Department of National Planning and Monitoring on the alignment exercise of our development plan with the Government overarching Medium Term Development Plan 3, 2018 to 2022.

Every province and district are responsible to ensure that financing of this development plan is given high priority. Whilst, the government and its key development partners focus on providing adequate resource and grant to the districts and provinces as well as various sectoral investment.

Mr Deputy Speaker, it is equally important that every other revenue stream for the provinces, whether it be royalty fees, taxes and benefits from extractive industries, is also fitting into the district and provincial expenditure plans so that we achieve the aspirations set out in our respective provincial and district development plans.

Mr Deputy Speaker, the provincial and district development plans should be aligned to the political cycle hence, it should become the yard stick for all leaders and their respective province and district administrations to ensure that we are ticking on the key target indicators that we have set out to achieve in the plan.

Mr Deputy Speaker, it is also important to align the sectoral policies and plans with the MTDP 3. More work is still required with respective sectors to ensure that there are strong sectoral coordination mechanism and sectoral plans to drive the sector forward.

I commend Transport Sector Coordination Mechanism and Implementation Committee. The Law & Justice Sector national coordination mechanism that are functional and providing the directions for their respective sector.

Secondly, I would like to emphasize the need for development partner to be strategic, meaningful and add value to the economic growth of this country.

Mr Deputy Speaker, Papua New Guinea has committed to a global commitment in ensuring effective development corporation is delivered in this country to maximize the effectiveness of all forms of corporations and to support the development agenda of this Government.

Mr Deputy Speaker, as the Government is working towards strengthening our systems and processes. We emphasis the need for development partners to ensure that modalities of delivery of projects and programs are actually agreed upon and has to be in the best interest of this country and supporting and strengthening our systems and processes. It is about promoting ownership of investment at the respective levels and ensuring continuity of the support after the investment ends.

Mr Deputy Speaker, I would like to take this time to convey the Government's sincere gratitude to our development partners who have consistently worked with Papua New Guinea since independence in 1975, and those came thereafter.

Partnership have evolved over time and it is important that as PNG raises its bar on the development front, we will continue to work with our partners to ensure that development effectiveness is achieved through concessional and grand financing.

Lastly, but not the least, in achieving economic independence is high on our agenda as a Government, whilst we continue to face a tight fiscal space and in light of the impact of Covid-19 on business and livelihood of people.

The Marape Government over the last two years has put forward strong capital investment that is not only touching the core of the theme of this Budget which is to lighten the burden of our people and unlocking our rural economy, but also about preparing the economy for our resilient recovery.

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Mr Deputy Speaker, to Connect PNG means building and expanding infrastructure assets in its transport network comprising of national roads, provincial roads, district roads, wharves, jetties, airstrips and focusing on new road corridors. This includes supporting factors that form

part of that connectivity in areas of information communication technology, digital infrastructure, telecommunication network and electricity access to the majority of our population. Three different budget appropriations have been created in these critical areas in 2022 to drive the Connect PNG agenda forward.

To conclude Mr Deputy Speaker, this time is one of the most challenging times for this Government due to Covid-19. The Government of honorable James Marape is a strong government that is building on the achievements this far by restructuring and producing our budget accordingly to ensure we deliver the greatest possible impact for our people, particularly in the rural areas. I confidently state that our Government is fully prepared to support and facilitate the economy recovery in the process. This is a budget that brings hope and confidence paving the way for resilient economic recovery.

Mr Deputy Speaker, the opportunities provide us as a Government and for the people of Papua New Guinea a degree of assurance that we are stepping up our efforts on the physical front and strength to ensure that we can still set the critical foundation of taking back PNG by connecting PNG and growing our economy. Thank you, Mr Deputy Speaker.

Mr DAVIS STEVEN (Esa'ala) – Thank you, Mr Deputy Speaker, for the opportunity to add some thoughts in relation to the National Budget. Before I do that, I do wish to register my condolences to the people of Middle Ramu who have unfortunately lost a very hard working and trust worthy leader just at the verge of Elections 2022.

I also note that a lot of our citizens are now dying throughout our country as a result of Covid 19, and the pressures that this pandemic has brought on our systems especially in the health care.

Mr Deputy Speaker, I do not wish to repeat the debate that has already been expressed on behalf of the Opposition and I also note very important and very constructive debate from both sides of the House. With the great respect to everyone else who has spoken it is important to highlight the need for this 2022 Budget to actually balance the strategy to recover the economy with a strategy to ensure existing or pre-existing conditions prior to the 2020 Covid-19 period is addressed. What do I mean?

The focus of the 2022 Budget and indeed the presentation of the honorable Treasurer and more so the speeches were in relation to money going somewhere. The Honorable Minister for Works talks about the money going to Works, likewise in Health.

Mr Deputy Speaker the point I'm seeking to raise is a similar point that has been expressed by the World Bank in its latest global report in relation to the member states strategies and plans in the post Covid-19 era.

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If our honourable leaders and our advisers care to read these reports, you will see that there is a need for balance between emphasis on infrastructure and economic intervention, and also allowance of investment in robust government institutions. I am referring to the report entitled 'Global Report on Enhancing Governance and Efficiency, Accountability and the Fight Against Corruption'.

Mr Speaker, a lesson that has become very clear to all of us as leaders and as citizens from the Covid-19 pandemic is that, it is not the virus itself that is responsible for the death of many of citizens, it is the pre-existing conditions that is responsible. We must see the wisdom in what the World Bank is trying to tell us as a nation and as leaders of this nation.

The pre-existing conditions that we were suffering from or beset our nation before Covid-19 includes; inefficiency, lack of transparency and accountability, abysmal performance or ratings where governance is concerned, and many more.

Mr Speaker, on that point, as the Shadow Minister responsible for Justice, I could go through every policy positioning of the law and justice static sector and highlight the current funding insufficiency. I note that there is an increment or increase in the funding for the Police Force but that is understood because you need the Police Force in the 2022 National General Elections. The only good news that needs to be acknowledged is the funding to support the fight against gender-based violence in our nation.

Mr Speaker, however, when we look at the commitment to governance, it starts with our compliance to the *Constitution*. There is a point that arose from the report by the Chairman of Permanent Parliamentary Committee on Budgets and Estimates and I thought that there is one or two points that are relevant. Most of the presentation was obviously praising the Government and one can expect that from a committee that is dominated by members of government-side. It does not have a bi-partisan representation.

However, the point was made that there is no sufficient funding for the Parliament itself. He did not make the point that committees will continue to suffer and just perform including Permanent Parliamentary Committees; for example, the Public Accounts Committee, the Budget and Estimates Committee and others.

Mr Speaker, I am raising this because under *Section 209 of the Constitution*, the static Budget Estimates of the National Parliament and the National Judiciary are the two most important apart from public service expenditures that needs to be captured.

In fact, in my experience, having been in this Honourable House and being responsible for our judiciary, I notice there have been cuts to the Judiciary Budget. Looking at the amount that has been allocated to the National Parliament, I expected the Permanent Parliamentary Committee on Budget and Estimates to present a report or a statement.

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Mr Deputy Speaker, it is important to know that the executive arm of this Government that brings this Budget is accountable to this Parliament and if it is found that there is insufficient funding to the National Parliament or the judiciary, *Section 209, 2010 and 2011* clearly makes this House responsible for correcting that. We cannot continue to come and pretend that the Parliament is working when it is not working. We cannot continue to talk about legislations that follow policies when they have not been independently vetted by our committee system that is supposed to work.

I am raising this in the context of our debate because beyond Covid-19, we need a robust government system, working together, lightening the burden the burden of our people and creating the part way of the recovery that the Treasurer intend for us to support in passing this Bill.

So, where is the check and balance and the accountability mechanism that this Budget is going to promote? I ask whether this Parliament is satisfied. In the absence of any proper reports from the Permanent Parliamentary Committee, how do we know whether this 2022 Budget is a repeat of the same old mistakes. The judiciary doesn't come to this honourable House, the Parliament doesn't come to this honourable House directly. That's the beginning and that's where we need to build institutional integrity. That is the post Covid-19 strategy that is missing in this Budget. What about our commitment to ICCAC? What about our commitment to Whistle Blowers Legislation? What about our commitment to the procurement processes and the laws that we have passed and the need to actually make them work below?

Mr Deputy Speaker, it should not be mistaken that those of us leaders in this side of the House are actually against the Budget. We are thankful, a lot of works have been done in bringing this information together. We also notice that it's not accurate and this is why you hear the coercion from this side of the House. The Budget papers declares that K679.5 million was outstanding. That's not the Opposition, that's the documents speaking for themselves. We

are interested in making sure we support a bill that provides the way, confidence and clarity of leadership for our nation going out of these pandemic situations in this challenging environment. The Opposition thinks it's too draconian, maybe those are too harsh, these new taxes being levied against Digicel and BSP. The reason why this is coming out is because of lack of consultation among agencies of Government.

Mr Deputy Speaker, I read with interest the statement made by the IRC Chief Commissioner that she too was not consulted. So it's not as if we are against this Budget for no good reason. We are saying that you were unable to collect the revenues. We are saying that these new taxes are being introduced without sufficient consultation. That's not the way to administer the governing of this country. That's the point we are making. I heard this sentiment that this will not affect the investor confidence.

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If we are going to keep changing rules without public consultation, or consultation with stakeholders and changing goal posts, the person or investor who wants to come in will think twice.

By the way, it is on public record that Digicel was at the verge of being taken over by a major Australian telecommunication player.

These things will make the investors think twice about coming in to invest in a time when we critically need investor confidence. And we talk about reluctance in supporting the budget because we see too much Waigani in this Budget. We see the Vulipindi, messing almost K3 billion.

By the same breath, we hear that this is a program-based Budget in accordance with the *Planning Responsibilities Act*, meaning that sectors who give their budgets, the Vulipindi departments are basically to organise and make sure that we have a good Budget, so that agencies like Works and Supply can manage this for us.

I am heartened to hear that there is some reference to planning documentation and our ambition for 2050 and the medium-term. The Shadow Treasurer raised a point about the dubiousness and uncertainty by referring to the Treasurer's own sudden change from a medium-term fiscal framework 2014 to 2019, to a 13-year medium-term strategy. You do not just change the rules, the emphasis and the priorities at the verge of passing the National Budget. That is where the uncertainty is coming from.

Mr Deputy Speaker, let me go back to the point that was made this morning about the Parliament's responsibility to pass annual Budgets. I heard the Minister for Works lamenting

the fact that some of us are not willing to support the Connect PNG legislation. The reason is that, it is an area for policy.

By the way, we have three modes of transport in this country. So, if we legislate and commit funds in advance to the roads, when are we going to do that for rural airstrips; aviation in agriculture and tourism which is another great plan that is being floated now.

Mr Deputy Speaker, by the same measure, there is nothing in the speech by the Treasurer and the ministerial statement made by the Minister for Transport a few weeks ago, concerning the Oceans Policy.

We talk about the roads and we forgot the rural airstrips, but our strategic advantage in regrowing and building our economy is in the blue economy. Just last year under the leadership of the current Prime Minister, the Department of Justice and key agencies put together what they call the blue economy plan; the Oceans Policy. I thought that we would invest in critical lowline fruits like that. More investment in exploration licences and focus on what we have; our comparative advantage.

Mr Deputy Speaker, from this side when we look at the tax against Digicel; to tell you the truth, not everyone of us like Digicel but they play an important role in our economy.

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A few days ago, we passed the *Electronic Transactions Act* and both sides of the House celebrated that legislation; we called it transformational legislation because it will enable our people to communicate without having to break our new normal practices by congregating in market places and given the vast distances and geographical challenges we face, modernising trading in our country using this legislation.

It was welcomed but in this same legislation, we have a bill here that discourages the single biggest player in the telecommunications space.

The Treasurer introduced the *Non-taxation Management Act*, as part of his strategy and the focus of that legislation is to bring in every available public monies to the Consolidated Revenue and to the Appropriation Bill that comes to Parliament.

That is the intention of *Section 209* of our *Constitution*. But the House was introduced to another legislation that wants to create revenue generating authorities outside the budget process. The Honourable Finance Minister will still recall when one of those agencies refused to come to the Public Accounts Committee. We are now creating monsters on this Floor of Parliament that are running parallel budgets that are claiming the insulation against the Parliament and Auditor-Generals' oversight. Here we are continuing to be legislators, yet we

know its against the national interest which goes against the constitutional intention for Parliament to continue to have oversight of the revenue and the expenditure of the Independent State of PNG.

Mr DEPUTY SPEAKER – Honourable Member, your time has lapsed.

Mr DAVIS STEVEN – Deputy Speaker, I conclude by saying the past beyond Covid-19 must not only be focused on physical infrastructure or development projects that are now congregated in Vulupindi Haus, but it must also focus on institutional building where our records are right now.

For this reason, we cannot support this Budget and it should be rejected as well as the wishful thinking of the Government. Tank you.

Mr DEPUTY SPEAKER – Honourable Member your time is up.

Mr POWES PARKOP (National Capital District) – Thank you, Mr Deputy Speaker, for giving me this opportunity to comment on the National Budget.

Before I make my comment, I would like to join in with my other colleagues in passing my sincere condolences to the late Member for Middle Ramu's families, his clan and tribes.

We all feel the pain of losing a colleague because we have spent four years here in Parliament together.

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In the bigger picture, I think both the Government and the Opposition have articulated well. In my 14 years in the Parliament, I think this is one of the good debates regarding this Budget.

The Opposition did not denigrate the budget as a bad one like how they used to react to the previous budgets presented. They came up with good substance in their criticism. The Government also presented a strong case about the budget.

The Treasurer, Minister for Planning and Monitoring and also the Minister for Finance defended the budget. We should commend all.

Before I proceed on with my speech, I want to thank the Treasurer, the Prime Minister and the Minister for Planning and Monitoring. We are in hard and difficult times. It's not easy to be a Treasurer when the economy is not growing, even the global economy is not growing and employment rate is low. All these indicators are not good for a person being in the Treasury. You have to juggle everything and solve it. And I say this not to please the Treasurer or the Prime Minister, but just to show that in these hard times. Since 2020, when the pandemic began, the Treasurer made it happen and continues to make miracles. And now in 2021, he has set a new record.

We can be suspicious and doubtful but the Treasurer delivered two budgets. It may not be perfect and lack some targets, but the important thing is that he has kept our economy afloat, the country going, made sure bills are being paid, work has been done and outcomes have been delivered. That is the most important thing for us to remember this time.

It's not a normal time where we can be harsh on the Treasurer. And knowing the Treasurer, he does not sleep. He is wrecking his brain, going everywhere to seek assistance despite the pandemic. He is travelling overseas to see if our partners can support us, talking to the World Bank, Asian Development Bank (ADB) and IMF. He has done his best and he has delivered two budgets.

We can criticize if we do not agree with some aspects of the budget, but generally we should be happy about the budget. The Treasurer is holding a position that is not envious at a time like this so must give some credit to him for holding not just the Government, but importantly the country together. The public too is criticizing him about the Covid – 19 funding but he has maintained and continues to find ways to fill in the gap and that is the most important thing.

The country continues to function, we continue to deliver and that should be enough confidence for us to believe in the 2022 General Elections. Have some confidence that he will deliver the main key components in the budget.

The expenditure budget has gone up to 22 billion. We have increased the budget even in a difficult time, especially spending on the three key sectors.

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On health we have doubled the budget, and with education, we have brought back the TFF policy. Our people should be happy that the Government has come to their aid.

Mr Speaker, on behalf of the people of the city, I am happy that the Government has increased the allocation the NCD PHA to K14 million from just K7 million last year. I wish to

thank the Treasurer and the Minister for Health. I would also like to commend them for the allocation of K10 million for the hospital in Gerehu. Thank you, also, for the launching of the new hospital to be built at Bautama for the people of Central Province.

The city's population is increasing and it has put a lot of pressure on the health and other facilities in the city; with the new facilities being built, and funding providing for the existing ones; this will alleviate some of the pressure and ensure our people receive the best health care as much as possible. The city's facilities also cater for Central and Gulf provinces, especially the Port Moresby General hospital. I am speaking of the hospitals but our clinics as well are not enough to cater for our increasing suburban populations.

Port Moresby General Hospital will become a national teaching hospital for our medical fraternity whilst still caring for our city's population, so I welcome the initiative for Central Province to build their own hospital. It is a good development and I would like to thank all those involved in making it a reality for the people of Central Province as well as Port Moresby.

The plan for a new city hospital is ready; all the paper work, land, physical planning and all-important things have been secured to have this new five-star hospital built. We are now waiting for funding. We have put our proposal forward, it may seem like a lot of money but if you give us K10 million, we can work with that. The challenge now is, what can we do with the appropriated amount for certain projects and programs. I am happy that at least we have been allocated some money.

Mr Deputy Speaker, I would like to say that we have to be forewarned of the big allocation made to the health sector. My colleague has always told us this and I would like to amplify on what he has been always trying to get across. In our experience here in NCD, a level five hospital was approved by the Government in 2016. After that, K2million was been allocated for it. Up till now, there is nothing to show for it, not even a nail, piece of timber or thread has been purchased for this hospital. And the site marked for this hospital is sitting idle, with just grass, stones and occasional mud covering the whole area at Tete in Gerehu. Funds earmarked for this project has been misappropriated by the Department of Health. Yes, and I have mentioned my colleague Governor of Oro with his team have conducted an inquiry into the Department of Health and identified a network of persons stealing money from the department. These people were exposed by the inquiry and yet are still serving in the department.

While we are happy and commending the Government on these allocations. Please Minister, take control of the department; get the secretary to crack the weed and have public auditor to investigate and ensure that funding going into the health sector must be utilized properly. The Prime Minister said, we must have 22 general hospitals or provincial hospitals. In the city, we are ready, but will the allocation come or not. Or will it get lost somewhere, this is the concern I have. I don't want to debate a lot about the Budget because most of the Members have already spoken about it. One point I would just like to mention, is the Budget is only a plan, and the plan must be based on very clear or reliable assumptions. One of the assumptions in next year's Budget is that we will collect about K12 billion by tax. That is okay, but we must make sure that we get compliance capacity in place. If we try to raise all these K22 billion especially K12 billion of debts to meet K22 billion, budget next year. We all know too that compliance is a problem in PNG. For example, in the city, GST, the basic tax of 10 per cent in sales is low. We should be collecting more than what IRC is collecting now. This is one of the issues I would like to raise, so the Treasurer can work with IRC, Customs and build up the capacity to make sure that there is proper collection compliance. Otherwise, the assumption will fail because the capacity is not there.

I have also seen a large allocation for law and order and justice. And I would like to commend the Government on this. We can talk about all our plans and their outcomes, but without the highest level of security, it won't happen. When the public, businesses, investors are secure, we will be able to achieve the outcomes, of our plans. Together with the election coming up, we must put a lot into security. In our city, the population has increased over the last 20 years; now we are over 1 million people, but our police capacity remains the same and at the same time seems to be decreasing. Therefore, without the police or security capacity in the city of the country, how will we deliver all these outcomes.

There is also another point I would like to point out to the Government. Mr Deputy Speaker, Fiji's vaccination rate is at 80 or 90 per cent of the total population and tourists in Australia are flocking to go to Fiji. Why aren't they coming to Papua New Guinea? Some of you have been to Fiji so many times. I've been to Fiji twice. But I have seen that what they have in Fiji is nothing compared to what we have in Papua New Guinea and yet the tourist continue to overfly us and go to Fiji. What is wrong with PNG? We all know and it's a fact that there are guns everywhere; we are prone to violence and all sorts of petty crimes.

The police are inadequate. We must fix these problems, otherwise many of our assumptions are not going to be realised.

We also assume in terms of revenue next year, to grow the economy. I just saw that the economy has slowed down. The Prime Minister has invested a lot of money in infrastructure, especially in terms of roads and the Government is driving the recovery. This is good.

As we all know, Mr Deputy Speaker, in hard times, investors in the private sector are reluctant and the government must drive it. And we are doing it and we are making it happen.

We can see the economy continue to float because the Government has intervened. But, we cannot just rely on that, Mr Deputy Speaker, we've got to grow the economy. We've got to get all these projects up and running. When I say projects, we all know which projects, I don't have to repeat it. We should also come up with some new projects as incentives for our investors, both foreign and domestic. Our people here also have money. We should give them incentives so they can start to invest. That would enable the government to really meet the assumptions to raise all the revenue to fund the K22 billion budget for next year.

Mr Deputy Speaker, I just want to return to law and order. I have not seen the allocation for to the National Youth Development Authority.

But, Mr Deputy Speaker, I have mentioned on many occasions there is a need for us to have a safety net an outreach or something, for all these young people who are not in the formal education system. We are leaving them lying idle, roaming the streets and villages without any mentoring and options on how to continue their pathway into the future in a positive way. They are floating off or going into bad social habits and we are paying a high price for that.

As a Government, we must think about how to get these young people out of idleness, out of petty crimes and out of loafing the streets. The National Youth Development Authority or the Minister for Community Development must come up with an overarching policy on how to reach our young people to keep them on a positive pathway.

I have not seen the details of the budget, so I am just making a general comment because these will contribute to the overall improvement of security and climate for investment and achieving our outcomes.

This is happening in Port Moresby and I keep talking about it because you have not done it in the provinces and they are migrating here. We are inheriting a national problem. You then complain to us.

I am happy, this time unlike other times we received an increase in PIP as the Shadow Treasurer said. But, that is not a big increase in PIP to the City. I think it is about K56 million

which is made up of PSIP, DSIP and allocations to infrastructure, about K5 million each to Northwest and Northeast.

I mentioned this because, Mr Deputy Speaker, in our capital city you think we have a lot of money? But our money is lower than Morobe, lower than Eastern Highlands, lower than Southern Highlands, and lower than Hela Province.

Our budget is not big and we don't get infrastructure grants, education grants, and health grants from any national budget up to now. This is the first time that the Government is giving us PSIP.

It is not a big amount. The Shadow Minister mentioned it, so please do not be shocked into believing that the city has received a huge amount of money. No, it is not a lot. I notice that the provinces are receiving grants, PIP, PSIP, and DSIP. You receive huge amounts.

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Mr JOHN SIMON (Maprik – Minister for Agriculture and Livestock) – Thank you, Mr Deputy Speaker, for giving me the opportunity to debate on this Budget. Before I make my statement, I also wish to pass the condolences of my people of Maprik to the Member for Middle Ramu. I visited with him and slept at Middle Ramu for two nights when we went there to promote agriculture. I pass my sincere condolences to the Member for Middle Ramu and his party leader. Thank you.

Before I speak in support of the Budget, I wish to, on behalf of the people of Sepik, apologise to the Minister for National Planning for the criticism levelled at him by a member of our Sepik Parliamentarians. He has no appreciation of our culture in dressing and criticised you. All the Sepiks do not criticise you.

I come from an electorate where we have the Abelam Society where we dress traditionally to promote culture. So, I wish to encourage the people of Finchhafen to continue to promote our culture. We are all supporting you.

On behalf of the Sepiks, I apologise because one of our members from the Greater Sepik has made a mockery of your custom by criticising it. Thank you.

I stand to support the 2022 money plan or as we say in the normal business world income and expenditure projections based on the actuals in the last two years that we have been in government. Everyone has claimed it to be a fake Budget. I'd like to say, it is not a fake Budget. It is actually based on the actuals that we've seen in the last two years. The agricultural sector will support the Government. We will support the Minister for Treasury to help raise this money to support this Budget.

I'd like to thank our Prime Minister, Honourable James Marape, and our government for allocating funding to price support. That funding is aimed to go down to the rural people, the 80 to 90 per cent of Papua New Guineans or eight to nine million Papua New Guineans.

We would like this money to go to the rural sector. If you empower the rural sector, the eight million Papua New Guineans, when they have money, they will turn the economy of this country around. This Government has seen that.

For the first time we are putting money into price support. Price support is about giving money to the rural population. It is about supporting them with the price support. It's not price stabilisation.

What we are encouraging the districts, and I'd like to encourage a lot of districts, is to establish buying points in your own districts. Once we do that, the price support intervention that this Government is promoting will go into the rural districts to the farmers to support them, to motivate them and to encourage them. How do you motivate or stimulate the eight million Papua New Guineans?

We've got more than eight million Papua New Guineans currently comprising our rural population. They are not contributing to the economy of this country. How do we get them to contribute? Only through the Agricultural sector.

So, we in this Government see that the only way to motivate them is through price support. Put some extra money on top of the price they are getting.

Prime Minister, thank you, we did it in coffee. Coffee price was very bad at that time. When we started off, coffee price was about K3. Right now, the green bean price is about K18 to K19 per kilogram. Very good price for coffee.

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Our farmers can now earn more money, when they start earning more money, the Government collects more tax, more levies, more revenue, more GST. Our Governor of NCD would not worry about it because there is more money coming as GST. So we need to put money into the rural sector and this Government is doing exactly that. I don't know why we are continuing to talk; we are just talking because we are on the other side. In reality, we're supporting this Budget but are talking for the sake of talking. We must be straight and tell everyone what we think. Stop talking for nothing and going against it because you are in the Opposition.

When we took Government in 2019, this Government decided to unwrap all the liabilities that were hidden in the books and at the back of SOE's and other agencies. That's what this Government did under the leadership of our Honourable Prime Minister. We started doing this

so they can see the true position of this country. When the Government opened up the books it showed that there were more debts everywhere. Who else can do that? It's about being honest; it's about being transparent. This Government did that and revealed that our debts were more than what we believed.

Mr Deputy Speaker, I want to assure you and all of us, under the leadership of our Prime Minister, the Treasurer, the National Planning Minister, we have managed the 2021 Budget despite the pandemic. The Covid-19 has had a big impact on the world's economy. Why can't we say the truth and say the right thing that when this happened, we managed it and Treasurer, thank you very much, you are a champion to this.

At the back of a very strong economic management by the Treasurer and by this Government, we can see that the rural economy is now growing where 90 per cent of our population are, and that is a better sign after so many years. We see the rural economy pumping and coming alive with increasing production and more revenue in the rural sector. We can really see that there is more money in the rural sector than it has been and when there is more money in the rural sector, there is more money for tax, levies, GST and everyone benefits. So we need to look at the rural sector, which currently has continuous support from this Government and the Pangu Pati's Economic Independence Policy with leaving no child behind and touching the rural community by putting budgetary support to prior support.

We will empower the economies of the rural population and we will also see our income tax per capita improve and we will improve our index and reduce poverty in this country. Only through agriculture because that is where 80 per cent of the population are. Most of us sitting here, the shadow Minister for Attorney General, the shadow Minister for Treasurer, everyone on the other side are from rural electorates. And they know very well that this is the right thing we're doing. Putting money in rural sectors and supporting our rural communities. They know very well. They are supporting the Budget, but are pretending and talking.

Mr Davis Steven – Point of Order! The Minister must be reminded of Parliament ethics. He should not be directly pointing at people it's demeaning. We are not just sitting here and talking for the sake of talking. We have raised important points for consideration in the debate.

Mr SPEAKER – Honourable Member, your Point of Order is in order. Honourable Minister, address the Chair when you are debating.

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Mr JOHN SIMON - Mr Speaker, what I am saying is; imagine if we empower rural communities and our rural population. Many of us sitting here are from the rural districts and we do get a lot of DSIPs apart from other support. I encourage us to make sure we support our rural districts and put money back into our rural economies. We should support our people in terms of agriculture to put money back into their pockets. As I mentioned earlier, coffee prices are doing very well right now. We therefore should be encouraging our people in our rural areas to start cleaning their coffee gardens because the price is trading at about K15-K16 per kilo. If we encourage this kind of trade over a number of years then we can be able to support our Budget.

Mr Speaker, for more than 20 years, the price was never like this. This is the first time the price has gone up from K15 to K16 and K17 FOB for coffee green beans. I am therefore encouraging our districts to tap into coffee. This is exactly what this Government is doing. It is looking more into the rural sector where the vast majority of our people live. It is one of our policies to not leave a child behind. We would like all our Members of Parliament to support this idea and encourage our people to tap into this gold mine. As Members of Parliament you need to put money into agriculture and once you do that, Department of Agriculture will come and support you and your district.

Mr Speaker, in conclusion, I would like to assure everyone that the 2022 money plan is based on a realistic economic condition and it is not a fake budget as alluded by many of us in the Opposition benches. It is a realistic Budget because for the last three years that the Marape Government has been in office, we have seen growth especially in the agriculture sector.

There has been an increase because of the price support. There has been an increase in the coffee export by more than 30 per cent and we have not come to the end of the year. It is the same with cocoa and copra and I can assure the House and our people with that.

Mr Speaker, I went to the electorate of Vanimo-Green. The sitting Member for Vanimo-Green does not go to his electorate so can you be quiet while I speak?

(Laughter in the Chamber)

Mr Belden Namah – Point of Order! Firstly, I was not here and he apologised on my behalf. He has no right to represent me to apologise.

Secondly, you went to my district and promised my people money and they are still waiting for that money. They will be waiting until kingdom come!

(Laughter in the Chamber)

Mr JOHN SIMON – Thank you, Mr Speaker. He got his DSIP but never carried out his duties so I went and did what he was supposed to do. We are both from Sepik so I must step in as a leader from Sepik.

Mr Belden Namah – Point of Order! I don't want the good Minister to mislead Parliament. I have not received much of the DSIP compared to him. I only received K4.9 million now. For the whole year, I was only given K3 million.

Secondly, you promised money to my people but you have not delivered so please don't tell lies on the Floor of Parliament.

Mr SPEAKER – Honourable Minister and Honourable Opposition Leader, can you gentlemen not engage in a debate, please? We are supposed to be debating the Budget so can we stick to discussions regarding the 2022 National Budget?

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Mr JOHN SIMON - Mr Speaker, this is a positive indication like never before that our people for the first time will see money and carry more money in their pockets through the support of this government's policy. Under the leadership of our Prime Minister, price support will benefit our rural community.

The Marape Government believes in improving the lives of our rural people. For the agriculture sector, it is already happening as we are seeing impacts on price support on freight been implemented. This has boosted our economy for the first time.

Mr Speaker, to conclude, I would like to talk about BSP and Digicel. In regard to Digicel, I had K10 credits in my phone on the night before I slept. In the morning, I was surprised to find out that the credits were removed by Digicel for no reason. Just imagine how many Papua New Guineans who have Digicel phones that lose credits every day. Let's say if there are 5 million people losing K10 credits every day, you do the calculation. That is 30 days in a month and 365 days in a year. My goodness, Digicel didn't even consult me. We've

talked about consultation. Does Digicel consult you before removing your credits? They don't do that; they take money whenever they want to.

BSP imposes unnecessary account keeping fees whenever they want to. Imagine having close to 3 million people banking with BSP. You calculate the amount of account keeping fees that they continue to charge. I want to assure Papua New Guineans that this Government is not taking money out from the bank and punting it somewhere.

We are giving you free education next year. We are using that money to invest in you. We did not invest the money in other areas. The money that comes will pay for education next year because we believe that because of the Covid-19, the economy is not healthy, so the money that we are receiving will be invested in education.

We have increased the allocation for the health sector so this Government is doing the right thing. I want you to think about the Robin Hood scenario, 'getting money from the rich and giving it to the poor'. We did not get the money and put it somewhere. We receive the money and support Papua New Guineans because BSP is charging unnecessarily fees. And Digicel is deducting your credits unnecessarily so we are saying, it's okay, we get it from them and give it back to you. We are not putting it anywhere else; we are giving it back to improve our health and education sector.

With that, I'd like to wish the people of Papua New Guinea, especially my brother on the other side and the people of Vanimo-Green a very Merry Christmas and a Happy New Year to you all.

Thank you, Mr Speaker.

MOTION BY LEAVE

Mr JAMES MARAPE (Tari-Pori - Prime Minister and Minister for Bougainville Affairs) - I ask leave of the Parliament to move a motion without notice.

Leave granted.

SUSPENSION OF STANDING ORDERS – ALTERATION OF HOUR OF SITTING

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

That so much of the *Standing Orders* be suspended as would prevent Parliament sitting beyond 5.p.m this day.

Mr JAMES MARAPE (Tari-Pori – Prime Minister and Minister for Bougainville Affairs) – Mr Speaker, let me say thank you to this House for keeping the entire day for us to go through this important occasion of deliberating on our 2022 Budget. Before I say thank you all Members on both sides of the House, I pay my condolences and respect to Late Honourable Jonny Alonk, Member for Middle Ramu, to his lovely wife, his children, his family in Kimbai. And to the people of Middle Ramu, Madang and right throughout the country, the supporters and affiliates of United Resource Party through the Honourable William Duma as the Parliamentary leader.

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We offer our sincerest condolences to the untimely passing of the leader. He was one fine leader who stood the test of time. He was not moved easily by politics or shifting and reshuffling that usually take place. He also was one of the cornerstones of the Loloata team and for this I stand on this occasion to pay my respect to him.

Mr Speaker, I would like to thank the Opposition Leader Honourable Belden Namah, Honourable Dr Allan Marat, Honourable Charles Abel, Honourable Elias Kapavore, Honourable Davis Steven and Honourable Sam Akoitai for sitting right through this session.

You all have the right to debate and represent your people. Although we play politics on both sides of the House, we have the space to debate and talk on issues in as far as policies are concerned and we acknowledge your presence till this moment.

I also acknowledge the presence of the Government side and all Members of Parliament that if it was not for your support, we would not reach this moment in our nation's history.

Today as I speak, this Budget is a milestone Budget for us to discuss, deliberate and eventually pass. The Opposition will also need to be reminded that many former governments just bulldozed annual budgets and did not give the opportunity for a big debate like this.

The excuse that our Opposition gave is that not receiving volume one of the books for them to go through. It is a lazy man's excuse. The Treasurer handed down the Budget on Thursday which gave ample time for their own research in order to give alternatives in this debate, especially visible alternatives in the time of deficiency, in a time of a pandemic which we

experience once in a hundred years and in a time since the first Budget was delivered by the Treasurer in November 2019.

Here today, since the first Budget he handed down for 2020, the dynamics is totally different, the operating environment is totally different and the global economy is totally different. The Treasurer needs to ensure that we pass a low-cost revenue system for our country as well as equally distributing to all programs in our country to keep the economy going.

I am here sitting and listening to the leaders who had the opportunity to make a positive impact on the economy and think they know better. I do not mind the Opposition leader because he did not have the opportunity to be in Government. He is okay, he can speak.

But I am really offended when leaders who had the opportunity to stand here, could have used consistent steady ideas we gave for stability's sake to make a big difference to our economy. They chose not to make strong decisions, but chose to remain in the status quo by finding a lazy way out in every fiscal year.

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Mr Speaker, let me point a reminder; the National Alliance-led government passed on to the PNC government a deficit level of K6.9 billion in 2010. When I took office in 2019, deficit stood at K33.6 billion a jump from what was almost a steady period in our nation's life. Political stability was granted because we had mature leadership, economy was facing a delivery of PNG LNG project in 2014. That showed a jump in a GDP from what was a K40 billion economy in 2010 to a K80 billion economy in 2018. And in between the growth has taken place yet in that corresponding year, we spiraled into a cobweb of a deficit sinkhole. And I will come to that in my conversation shortly, but I just feel offended that we speak as we are Mr Righteous and providing solutions.

For instances, one solution that was offered did not come from the Opposition front bench but from their backbench. The recommendation was for us to shift to a greater focus on PIP. Mr Speaker, PIP received small allocations. In fact, under 20 per cent of total allocation was for PIP. And out of that 20 per cent only, less than 16 per cent allocated was spent in one or two separate centres, especially in urban Papua New Guinea and not the rural PNG that we are trying to lift out of poverty and improve development today.

Mr Speaker, PIP investment when we took office in 2018, was at 16.8 per cent and in 2019, it rose to 19 per cent. In 2020 it increased to 22 per cent. Today as we speak, for 2022, PIP will be at 26 per cent.

So, for someone who cared not to invest in PIP but had heavy recurrent as part of a budget that was operating and come to Parliament today in hard time to advice that you focus on PIP, well I take every advice on this table but let me point out, this can be seen as hypocrisy at the highest level.

Mr Speaker, another aspect of budgets as I did made reference, to any government passed on surplus to the PNC-led government and there were consistent deficit budgets up till 2018 and 2019.

Mr Speaker, with these remarks, I rise to give my commendations to our Treasurer for successfully delivering our Government's 2022 National Appropriation Bill.

I want to commend the Treasurer and his hard-working team, assisted by the Minister for Finance, Minister for National Planning and their respective secretaries, the team who worked tirelessly, to ensure that this Budget is brought to this Parliament.

Mr Speaker, this is a milestone budget because it's a first budget proper for us as a nation to enter into a K20 billion budget realm. We never had such budgets before.

Mr Speaker, for the first time in such time we are standing at K100 billion economic threshold in 2022.

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Mr Speaker, I stood here over three years ago my Maiden Speech to Parliament as Prime Minister, and I said we would be the richest black Christian nation, and in 10 years we would become a K200 billion economy.

Mr Speaker, I was very pleased to see in Treasurer's presentation that through the roll-out of 2022 Fiscal Year targets, we will catch a glimpse of surplus budgets starting in 2027, and a Papua New Guinea with no Sovereign Debts by 2034, if we choose to travel this road or 'Rot' as Pangu knows. This is truly momentous and a key national milestone including a forecast of PNG reaching a K200 billion economy by 203. Treasurer, you have done what many never envisaged to do by putting us on the road to recovery from an expensive, unsustainable, debt-riddled economy to a surplus and debt-eradicated economy. The 'reconstruction and repair' road we took three years ago despite the once-in-a-100-year-Covid-19 pandemic; despite the endemic instability of PNG politics; and despite a weak broken-down economy through years of systematic corruption and complacency, we are seeing signs of better days and years ahead of us.

Mr Speaker, budgets are framed against important development and economic landscapes. I want to set the backdrop to this Budget and money plan, in terms of where we have come from, and where we are heading. As I believe, hindsight will give us better foresight.

Since independence 46 years ago, our annual national budgets have grown from just K1 .8 billion in 1975 to K22 billion for 2022. According to the PNG Economic Database, the Economy recorded a Gross Domestic Product (GDP) at about K1 .8 billion, K3.6 billion in 1985, K9.4 billion, in 1995, K22.8 billion in 2005, and K60.1 billion in 2015.

Mr Speaker, in December 2018, our economy was at K79.4 billion and in 2019 we were at K83.8 billion and despite the Covid-19 induced economic contractions of 2020 and 2021, we envisage our economy to go past K100 billion in 2022. In its monograph No. 41, titled Papua New Guinea's Development Performance 1975-2008; the National Research Institute (NRI) summarized our past up to 2008 in roughly six five-year windows. The euphoria of independence (1975-1979), followed by Economic Consolidation (1980-1985), the Bougainville Crisis of 1986 to 1990, the Years of Fiscal Extravagance (1990-1995), the Bust and Accompanying 'pay back' of 1996-2000, and Reconsolidation (2001-2005), followed by the Boom of 2006- 2008, and 2010.

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Mr Speaker, of course in recent times we all know of the stable and surplus years from 2004 to 2010 under Somare and National Alliances leadership. The years after that coinciding with PNC's ascension to power, government in 2011 saw our nation spiral-off into a deep debt-hole of budget deficits. In fact, eight years of success in deficit. Unfortunately, I presided over the next three years at the back of this budget deficit.

Mr Speaker, we came into the office, trying our very best to put on the brakes to unsustainable debts and spending on non-key priority areas.

However, Mr Speaker, budget deficits, especially in tough times, are not always bad so long as Government invests in the right places to grow the economy, with impacts that are spread equally all over our country. Not just one or two areas as I alluded earlier, or in the wrong place to finance deficits, like the O'Neill government's 2011, Solwara 1 project-induced deficits, or like the O'Neill 2014 UBS Loan-induced deficits, or the 2015 Pacific Games-induced deficits, or the 2018 APEC induced deficits.

Mr Speaker, Mr Paul Baker was right when he said, various development partners have been generous in providing sustainable low interests, and long-term loans that have kept debt services cost down, and have been able to display some higher costs on commercial

borrowing. He is an independent guy, and fortunately when we came on as the Government, we arrested what was a declining debt that would have blown out of proportion.

I will just give you an example; my good brother, the Member for Alotau, please don't take offence. When we went to Credit Suisse, and you know, Honourable Member for Alotau, with Credit Suisse, you repay in six months in one year at 7.7 per cent to 9 per cent. These are not the type of loans you borrow. You make cheap concessional borrowings. And I wish the former Prime Minister would have advised us on cheap concessional borrowing. He was not using this strategy when he was in office. He was borrowing expensively; borrowing that cost the economy big time. In fact, just this year my government repaid the last trend of the Credit Suisse loan. Unlike us, we borrowed \$280 million from the Japanese with a five-year grace period at 0.01 per cent interest. We will start repaying in 2027. And the Australian borrowing is at .2 per cent with a five-year grace period.

So, Mr Speaker, we trying our very best in tough times. I am making these points because people question the ability of the Treasurer to raise revenue. We've been raising revenue within the ceiling of debt we have forecast. And we have been raising revenue within the ceiling of revenue we forecast from what we generate within the country.

Mr Speaker, in tough times, and I borrow from a British economist, John Keynes, known as the father of Keynesian economics; that when economies hit hard times, governments must spend to keep their economy alive.

We had no need to borrow from 2007 to 2017. The government had the opportunity to fix a balanced budget on little borrowing.

The borrowing today, especially post-2019, is a borrowing that is needed. And when the former Prime Minister talks about us borrowing extravagantly, let me point out this to him.

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His borrowing from 2011 to 2018 or 2019 was K26.5 billion extra. Our borrowing in the last three years is K12.5 billion. Part of that is to repay the loans that we've inherited including financing our Budget.

Mr Speaker, we are trying our absolute best to use our Budget as a tool to ensure that we have life in our economy and to keep our economy functional and running. It is in this context that Mr Treasurer has framed our Budget and let me also say that the Treasurer has not been working in total isolation. Most of you would have remembered in 2019 we got together in Loloata and came up with the Loloata Leaders outcomes. In that understanding we established

key KPIs, the Treasurer was a participant amongst them, and I hosted that meeting. In the key KPI we said we will work to improve our Human Development Indexes (HDI) and more importantly we will ensure that we will lift our rural economy, we will lift our rural Papua New Guineans, especially where 80 per cent of our people lived. Based on this direction by the body of leaders, all of you are in here, in this House today, the only exception is one or two on the other side. We went to work for the conclusion of our 2019 Budget, and we went to work for our 2020 and 2021 Budget.

Mr Speaker, today as we turn to look back, we have done some work. Let me go through with my speech, hopefully we can get a peek on some of the things that we've achieved.

My good friend the Honorable Davis Steven talks about ICAC. We delivered ICAC. We also delivered some resource laws amendments, some of which we are now operating to take back more from our resources. We have put in place programs that are running to ensure there are key economic enabling infrastructure like roads, highways, bridges, jetties, ports, airports, new buildings as well as making investments in hospitals, electricity infrastructures and communications platforms.

Mr Speaker, when many say that we haven't done much, I point you to some as examples. In 2019 up till today we not only just built the 9-mile to Laloki road that you see today or we not only built 9-mile to 14-mile that is still under construction but we are expanding right throughout the country. Not just Port Moresby-based investments but we are investing right across the country including Lae. As earlier speakers have eluded 1900 km of road in two years compared to 3800 km of road in eight years mostly concentrated in one or two hotspots.

Mr Speaker, I want us to ask people in Maramuni if they are seeing roads for the first time. And the Honorable Dr Lino Tom must be commended.

Mr Speaker, someone has to ask people from Karamui if they are seeing machines passing over Tua River to cross over to the famous Karamui, which has been isolated since time. Someone has to ask those in Telefomin whether their Hidenburg Wall has been broken down and remote Olsobip has witnessed machines passing through it to go up to Hidenburg Wall. Telefomin has broken through the treacherous Hidenburg Wall for the very first time.

Mr Speaker, these are such highlights of our spread in tough times to most, if not all, parts of our country. This is something that we want to do so that every part of our country has come up. Someone has to ask the Works secretary and of course under Minister Nali how much money our Government had retired on past contracts that we have carried into our Government books in 2019.

Mr Speaker, time is not enough for me to go through everything we are doing right across the country, especially in roads. We have well over 300 road contracts all over this country as we speak.

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Mr Speaker, someone has to also ask the Enga Provincial Governor. Of course, I take my hat off to the O'Neill government for easing contracts but how much national government share of the funding has gone to the project?

I stand here today ready to retire fully the National Government's share of commitment to have one big modern hospital up there in pursuit of our nation moving beyond just one or two hospitals into having 22 new hospitals in our country.

Mr Speaker, in next year's Budget we have K470 million parked for new hospitals in our country, this is including Manus, Tari and every other province in the country. From K100 million we parked for Bougainville, K70 million will go into building a new hospital. We are fixing provincial hospitals once and for all and a special hospital for the Autonomous Region of Bougainville.

Mr Speaker, we are picking up all school fees next year from elementary to university with well over K800 million for school fees alone. We are picking up the additional 37 per cent parents were paying at secondary and lower schools due to Covid-19 hard times.

We are also spending to grow the economy. We committed in 2019 that K200 million will be made available in 2020, K200 million in 2021 and K200 million in 2022. The money was made available in 2020 Budget and K100 million went to BSP. You only have to ask BSP; they have been lending to more than 300 SME customers who have been receiving a total of K150 000 each on average through low cost lending. And these are SMEs who really want to work the hard yard and not wait for free money.

The Minister for Agriculture has spoken about price support and price subsidy. This has been rolled out. We are not just talking about downstream processing but we are putting money where it matters. For the first time, K100 million has been parked for the Madang and Manus Pacific Marine Industries Zones that we are going to setup so that our tuna and fish can be processed here in pursuit of our country's desire for full downstream processing of all our raw resources such as gold, forestry, et cetera. For fish, we are starting next year.

Mr Speaker, we are also honouring our commitments elsewhere including Bougainville, which unfortunately were lagging behind. We are honouring our commitments

made to Bougainville to ensure that they are given the support they need and we have kept up with those commitments

Mr Speaker, I am not just talking but we delivering on all commitments and our policy-based budgeting continues in all appropriations since 2019.

In all elements of fairness as I alluded to earlier, our PIP budgets continue to grow. In 2019 we were at 34 per cent and that includes the entire PIP that was financed by our development partners. Combined PIP in 2019 was at 34 per cent, 35 per cent in 2020 and 38 per cent in 2021. A trend where PIP, combining grants and loans from our developing partners and our Government's allocation, is increasing as we speak

Mr Speaker, this points to one thing; our Government through the Treasurer knowing that times are tough is deliberately using the Budget to ensure that we spin money into the economy.

Now, when someone asks how the Government is hitting a K100 billion Budget in tough times the combined aggregate of actual spending in our domestic economy; for example, in 2019 the Budget was K16 billion. In 2020, an average spending would have been 18 billion to 19 billion. This year in 2021, a K20 billion Budget; money that we spin through the DSIP, PSIP, programs and recurrent budgets. This money has been spinning the economy.

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The compounded aggregate of money being spun in the economy sees that we now, for the first time, have moved from the K90 billion economy into the K100 billion economy.

Mr Speaker, the Treasurer is doing his very best under extremely tough times when many question whether he can deliver or not. Well, last week Thursday he handed down a Supplementary Budget and guess what, Mr Speaker? That Supplementary Budget is not a supplementary budget that comes because we are not collecting or under collecting our revenue. That was a Supplementary Budget that came because the Treasurer collected K700 million more. So, he is someone.

I remember the Opposition saying last year that you have just passed a K19 billion Budget, are you going to raise that money? Well, we just dispelled the rumour that in 2021 fiscal year the Treasurer has brought down a supplementary budget that includes extra K700 million more than expected collected.

Now you may say it's tough times, of course it is tough times. We collected more from the special grants from development partners who have been good to us. Now at this juncture, I thank very much Australia and her people, Japan and her people, China and her people, Korea

and her people, India and her people, New Zealand and her people and Great Britain, and USA and her people. Partners who stood with us and are standing with us through thick or thin having seen the books of our government coffers. And for the Treasurer to be open and transparent, allowing for international partners like IMF, World Bank and ADB to have a scrutiny in our budget in an open and transparent manner. We restored credibility in our entire budget process. That is why international partners have come in. For the Treasurer to deliver a supplementary budget in November of 2021 is a testimony of our ability to raise revenue.

So, Mr Speaker, I put to you and this House, if I were to go by the results of this year, last year and 2019 in tough times, delivering to the expectations of our Budget and the Treasurer is pointing to us a K22 billion money plan for 2022 is not unrealistic. The Treasurer is within foresight of generating this revenue.

Let me say thank you to our two key revenue agencies; Customs and IRC. Mr Speaker, this year they tell me, we are on target to collect what we forecast to collect in the 2021 Budget.

Many hardworking Papua New Guineans are working under tough times, all trying to contribute to carrying us through. And as your government we are also working hard.

Let me say at this juncture. We understand that the increase of GDP size alone is insignificant. The fiscal consolidation where we are now cascading down into a fiscal consolidation strategy for our debt reduction is insignificant unless and until our people participate in the economy.

Our people must participate in the economy and this is something we are working hard on. That's why our budget fills in the gap in the absence of big projects so that our people, utilising our budget will participate in the economy.

For example, there are over 300 contractors nationwide. You do your mathematics. If they are employing 50 people, the least, how many are they employing today? Multiply 300 times 50. Someone told me that for small contractors, 50 is the minimum. They can employ up to a hundred. So if 300 contractors employ 50 people each, you are looking at 15 000 people being employed as a result of our strategy to embark on Connect PNG and concentrating on connecting PNG.

So, whilst using the budget to keep the economy alive, Mr Speaker, it is my pleasure, and I take to heart the recommendations by the Opposition and some Members of the House here, including the Leader of the National Alliance Party and what is happening in Porgera.

Let me announce that Pogera is in a very advanced stage where our much superior deal that we secured is being advanced. It's not as easy as many would think. There are many complications, but I say thank you to the landowners in the Pogera valley. Some times in December and January, under the leadership of Governor Ipatas, we will be visiting them for our benefit-sharing discussions. They've been very kind to us while the State Negotiating Team and Barrick have been going through the subsidiary agreement, especially the operative agreement and the shareholder's agreement to commence Pogera again at the very earliest.

Let me also announce to the country that the State Negotiating Team and ExxonMobil have been working on a better deal for P'nyang so that P'nyang can be progressed. Once we get this better deal including additional equities our Western Province landowners and Western Province Government will be consulted so that the benefit can be shared and be passed on.

We are also working with Newcrest and Harmony and the Morobe Provincial Government in regards to Wafi-Golpu. Sometimes things are slowed down. I have no control of what happens in the court rooms. When matters are brought before court, we have to wait and respect the court.

I just announced to our country that the four big projects, Pogera, P'nyang, Wafi-Golpu and Papua LNG, are ready to be moved. Papua LNG will go into pre-FEED and FEED together in 2022, 2023. Hopefully the final investment decisions will be secured in 2023 or 2024 thereabouts.

Mr Speaker, having said this, let me assure our House that the Treasurer's modelling for the 13 years does not in any way include the returns from this big project that I've announced. For next year we've allowed for modelling to only include Pogera. Next year's modelling and the modelling to 2027 when we will hopefully hit surplus budget and move beyond surplus budget to 2034, where we would possibly be having a total depletion of our sovereign debts, they do not include the extractive industry projects that I have made reference to.

We packed our financial modelling and economic modelling against a sustainable sector, downstream forestry, downstream agriculture, downstream fisheries.

Mr Speaker, today I just want to announce to our country that we stand in 2020 as we move into the second tranche of our Vision 2050 decade. Our Grand Chief made a statement in 2010; the second tranche, especially 2020, must be a decade where economic interventions are made by Government to ensure our country has a greater return. Today, I am comforted that our Treasurer has presented a clear plan that is consistent with the Vision 2050 that Grand Chief had and that is also consistent with my own Pangu Pati's philosophy for economic

independence and we stand at a time of economic emancipation for our country can be seen bigger and better going forward.

Mr Treasurer, your focus for our country is correct. I want to thank the Planning Minister, the Finance Minister and every one of us for being able to spread our love all over our country.

In the Budget you will see something called Kuare Road. Kuare is in a place called Pangia. In the Budget you will see an allocation called Alotau Road. Alotau is in a place that my brother, the Honourable Charles Abel, has been privileged to represent. We've also seen in the Budget, members of Parliament being kind to their economy. They have cut what would have been a K10 million allocation down to K8 million.

In tough times, leaders make calls. And those who benefit in their economy make calls of sacrifice. So, as you look into the economy, to those who pick the cream of the economy, if leaders can be sacrificing, if the economy out there is hard for the ordinary, those of us who make super-profits, why can't you for once say it is alright to forfeit one year of dividends.

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What the Treasurer proposed does not affect the bottom line. These are not revenue that you have already earned that we are taking away from your account. These are forecasted revenue based on assumptions that you will collect such monies and the forecasted revenue is based on deductions that take place including deductions to the economy you operate inside.

Mr Speaker, I ask an honest question. When there was no foreign investment in 2019, 2020 and 2021, for instance my good bank, and I love my BSP till death. The landowners and shareholders are accusing me. Not the Treasurer's doing. It is me you have to blame and not the Treasurer.

The BSP Bank made a profit of K806 million profit last year. However, a K190 million take does and will not affect the fundamentals. But we can understand that both BSP and Digicel might go broke because we are a government of understanding. We will allow this Budget to go through. The Treasurer has informed us that implementation stage will be deferred by schedule until 2022 mid-year when there is a mid-year fiscal review that will be taking place.

I, however, would like to offer one counsel to both these companies and every other company that operates in our country. The Treasurer called for consultations two years ago. No one operates in this country above the laws and the government of this land. Two years ago, if you would have gone and sat down with the Treasurer then we would not have reached

this stage. For the moment, we understand taking K190 million off from my favourite bank or taking K95 million from Digicel might make them go broke. We will pass the Budget today but we will defer the implementation and put in the schedule of implementation to post July.

Mr Speaker, if I do come back as part of the next government then we will revisit that after July 2022. If by God's plan, someone else sits in this chair and the makeup is different than this will be on the table for review. We have taken heed of the call that maybe these two majors will go broke and so we have allowed for this to be on the table.

Mr Speaker, I ask every one of us in this tough times. When the country is going through tough times; those who can afford to help out the economy must do so. If the economy is secured and functional then security of your investment and ambiance of your productivity and profitability remains for your shareholders.

In closing, I want to say that in the Budget, we may not please all. I want to thank the Speaker of the House. If you feel that this Budget is deficient by your budgetary submissions then I offer to you a working partnership with the Treasurer, the Finance Minister and the Planning Minister. I also want to say thank you to the Chief Justice. We tried our extreme best under extreme conditions to retire what was issued as a K400 million court house. Our Government paid over K300 million of that contract thus far. Come next year, we have some money to retire.

Mr Speaker, if there are some areas where we have fallen short in this Budget drafting and Budget presentation, remember that our IFMS system collapsed, therefore our Treasury and Finance team were under the pump to deliver a lot. We ask both the judiciary and the legislator that if we have missed anything then there is enough space for us to sit down and go through as we close 2021 and operationalise 2022. I offer to you my friends and relatives in Bougainville that there is also enough space for you. We have given you due respect in the allocations of 2022.

Mr Speaker, to our ordinary people right across the country, this is your budget especially those of you in the remotest areas of Papua New Guinea. We have picked up your school fees and we are addressing your hospitals.

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We charge you no new tax, no new GST, no new personal income tax, no new corporate tax to the SMEs and small businesses. We were responsible and cared for you.

So, I just want to appeal to our people as we close for 2021. It's not easy for each and every one of you who came to the Budget with demands. If there were one or two spaces that

were missed or you want bigger allocation, it was cut back in the time when we need to be fair. We try to spread it out so there is love for all parts of our country. There are roads for all parts of our country and there is education for all parts of our country and there is health for all parts of our country. I ask for your understanding as we give support to the Treasurer and hopefully when we walk this path going into the future the Treasurer and the team for better future can unveil a strong economy, not just 2022 but the economy that will come after 2022 going forward.

Mr Speaker, on this note, let me offer my support for this Budget. I assure Honourable Members of this House that we've given our due consideration under the circumstances that we are faced with. The Treasurer has come up with this money plan for us to support and I offer this Budget for our support. Thank you, Mr Speaker.

APPROPRIATION (GENERAL PUBLIC SERVICES EXPENDITURE 2022) BILL 2021

Second Reading

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

Bill read a second time.

Third Reading

Leave granted to move the third reading forthwith.

Motion (by **Mr Ian Ling-Stuckey**) proposed –

That the Bill be now read a third time.

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.

APPROPRIATION (JUDICIARY SERVICES 2022) BILL 2021

Second Reading

Motion (by **Mr Ian Ling-Stuckey**) agreed to –

That the Bill be now read a second time.

Bill read a second time.

Third Reading

Leave granted to move the third reading forthwith.

Motion (by **Mr Ian Ling-Stuckey**) proposed –

That the Bill be now read a third time.

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.

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APPROPRIATION (NATIONAL PARLIAMENT 2022) BILL 2021

Second Reading

Motion (by **Mr Ian Ling-Stuckey**) agreed to –

That the Bill be now read a second time.

Bill read a second time.

Third Reading

Leave granted to move the third reading forthwith.

Motion (by **Mr Ian Ling-Stuckey**) proposed –

That the Bill be now read a third time.

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.

EXCISE TARIFF (2022 BUDGET) (AMENDMENT) BILL 2021

Second Reading

Debate resumed from 25 November 2021(See page...)

Motion (by **Mr Ian Ling-Stuckey**) agreed to –

That the Bill be now read a second time.

Message from the Governor-General

A message from His Excellency, the Governor-General dated 25 November 2021, was announced, recommending the imposition of taxation in accordance with section 210 of the *Constitution* insofar as the Bill relates to and provides for such imposition.

Third Reading

Leave granted to move the third reading forthwith.

Motion (by **Mr Ian Ling-Stuckey**) proposed –

That the Bill be now read a third time.

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.

GAMING CONTROL (2022 BUDGET) (AMENDMENT) BILL 2021

Second Reading

Debate resumed from 25 November 2021(see page..).

Motion (by **Mr Ian Ling-Stuckey**) agreed to –

That the Bill be now read a second time.

Bill read a second time.

Message from the Governor-General

A message from His Excellency, the Governor-General dated 25 November 2021, was announced, recommending the imposition of taxation in accordance with *section 210* of the *Constitution* insofar as the Bill relates to and provides for such imposition.

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Third Reading

Leave granted to move the third reading forthwith.

Motion (by **Mr Ian Ling-Stuckey**) proposed –

That the Bill be now read a third time.

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.

GOODS AND SERVICES TAX (2022 BUDGET) (AMENDMENT) BILL 2021

Second Reading

Debate resumed from 25 November 2021(see page...)

Motion (by **Mr Ian Ling-Stuckey**) agreed to –

That the Bill be now read a second time.

Bill read a second time.

Message from the Governor-General

A Message from His Excellency, the Governor-General dated 25 November 2021 was announced, recommending the imposition of Taxation in accordance with *Section 210* of the *Constitution* insofar as the Bill relates to and provides for such imposition.

Third Reading

Leave granted to move the third reading forthwith

Motion (by **Mr Ian-Ling-Stuckey**) proposed –

That the Bill be now read a third time.

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

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

Bill read a third time.

INCOME TAX (2022 BUDGET) (AMENDMENT) BILL 2021

Second Reading

Debate resumed from 25 November 2021(see page...).

Motion (by **Mr Ian Ling-Stuckey**) agreed to

That the Bill be now read a second time.

Bill read a second time.

Message from Governor-General

A Message from His Excellency, the Governor-General dated 25 November 2021 was announced, recommending the imposition of Taxation in accordance with *Section 210* of the *Constitution* insofar as the Bill relates to and provides for such imposition.

Third Reading

Leave granted to move the third reading forthwith.

Motion (by **Mr Ian Ling-Stuckey**) proposed –

That the Bill be now read a third time.

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.

STAMP DUTIES (2022 BUDGET) (AMENDMENT) BILL 2021

Second Reading

Debate resumed from 25 November 2021(see page...)

Motion (by **Mr Ian Ling-Stuckey**) agreed to –

That the Bill be now read a second time.

Bill read a second time.

Message from Governor General

A Message from His Excellency, the Governor General dated 25 November 2021 was announced, recommending the imposition of Taxation in accordance with *Section 210* of the *Constitution* insofar as the Bill relates to and provides for such imposition

Third Reading

Leave granted to move the third reading forthwith.

Motion (by **Mr Ian Ling-Stuckey**) proposed –

That the Bill be now read a third time.

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

Bill read a third time.

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CUSTOMS TARRIF (2022 BUDGET)

(AMENDMENT) BILL 2021

Second Reading

Debate resumed from 25 November 2021(see page...)

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 25 November 2021 was announced recommending the imposition of taxation in accordance with *Section 210* of the *Constitution* insofar as the Bill relates to and provides for such imposition.

Third Reading

Leave granted to move the third reading forthwith.

Motion (by **Mr Ian Ling Stuckey**) proposed –

That the Bill be now read a third time.

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.

DEPARTURE TAX (2022 BUDGET) (AMENDMENT) BILL 2021

Second Reading

Debate resumed from 25 November 2021(see page...)

Motion by **Mr Ian Ling-Stuckey**) agreed to –

That the Bill be now read a second time.

Bill read a second time.

Message from the Governor-General

A message from His Excellency, the Governor – General dated 25 November 2021 was announced recommending the imposition of taxation in accordance with *Section 210* of the *Constitution* insofar as the Bill relates to and provides for such imposition.

Third Reading

Leave granted to move the third reading forthwith.

Motion (by **Mr Ian Ling Stuckey**) proposed –

That the Bill be now read a third time.

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.

MOTION BY LEAVE

Mr RAINBO PAITA (Finschhafen – Minister for National Planning and Monitoring)

– I ask leave of Parliament to move a motion without notice.

Leave granted.

SUSPENSION OF STANDING ORDERS – REARRANGMENT OF BUSINESS

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

That so much of the *Standing Orders* be suspended as would prevent the Prime Minister and Minister for Bougainville Affairs presenting a Ministerial Statement forthwith.

UPDATE ON SOLOMON ISLANDS UNREST – MINISTERIAL STATEMENT – PAPER NOTED

Mr JAMES MARAPE (Tari-Pori – Prime Minister and Minister for Bougainville Affairs) – Mr Speaker and honourable members, I come before the Floor of Parliament to inform this honourable House of the recent unfortunate situation taking place in one of our neighboring countries, Solomon Islands.

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This is an update on the swift action we took as a government to provide assistance to ensure the preservation of peace and order; and seek parliamentary approval for the deployment of our police personnel.

Mr Speaker, the situation on the ground in Honiara at the moment is troublesome since last week when civil protests have turned into full scale riots which led to the burning down of government buildings, police stations, trade stores and other important infrastructure. Based on recent international and local media reports the riots have led to the murder of individuals from the Chinese diaspora and attacks on persons believed to be from the western province, the same province which the Prime Minister of the Solomon Islands Honourable Manase Sogavare hails from.

It is also regrettable to inform that significant amount of Papua New Guinean investment in the Solomon Islands have suffered greatly such as the burning down of the Bank of South Pacific branch in Honiara. Most importantly our fellow citizens working and living there are at risk. A formal request by the Prime Minister of Solomon Islands was received on the 25 November 2021 requesting the immediate deployment of a contingent of our disciplined forces in the Solomon Islands to assist the Royal Solomon Islands Police Force in maintaining law and order.

The request was made to PNG based on the existence of international obligations which exists between us and the Solomon Islands under the agreed principles of cooperation amongst independent states in Melanesia and various other regional security arrangements. And due to

the urgency of the situation, the NEC took a decisive action to deploy a contingent of our Police and Correctional Service officers on the 25 November 2021, in accordance with the *Constitution* and the *Police Force Presence Abroad Act 2004* under the guidance of our Police Commissioner Mr David Manning. In respect to the role that the police in Solomon Islands plays as the head of the operation; the Police Force personnel shall be under the command or direction of the Solomon Islands Police Commissioner during the course of the deployment.

It is well prescribed under our *Constitution* and the *Police Force Presence Abroad Act 2004* that our Police Force maybe ordered on an international peace keeping or relief operations based on advice prior to Cabinet endorsing the commitment of our Police Force, it is required that the approval besought from the Parliament. As I request for the approval is given I remind the personnel to take into consideration the particular circumstance at hand. The urgent threat to the lives of the PNG citizens, the Solomon Islands state property and substantial value of our country's investments in Honiara and Solomon Islands, has required the NEC to give the directives before parliamentary approval can be sought. It is further stipulated under the 3FPAA that an agreement shall be entered into between Papua New Guinea and the appropriate authority setting out the terms of the presence of the PNG Police Force in that country.

A draft agreement between the Government and the Independent State of Papua New Guinea and the Government of the Solomon Islands on the deployment of the police force personnel and the agreement has been prepared by the office of our state solicitor. This agreement outlines the broad areas of cooperation between PNG and the Solomon Islands while at the same time ensuring the protection of our Police Force abroad, by ensuring that should any unfavorable action take place, PNG retains the right to exercise exclusive jurisdiction over our personnel. Mr Speaker, the situation in Honiara and the deployment of RPNGC has revealed a shortcoming within the *Constitution* and the Police force presence Act 2004. There is no express provision to provide for exigent circumstances that requires a timely response to requirements to commit our police force abroad. And while the requirement for Parliamentary approval is necessary to ensure the appropriate checks and balances are in place it was drafted during the time of independence which placed an emphasis on the respect and protection of the state's national sovereignty so as to avoid arbitrary intrusion. You must also consider the deployment of the 'Melanesian Way' and PNG's position as a leader in the region where we should be able to respond actively to secure any security threats that are being faced.

As such relevant amendments will be needed to be made to the *Police Force Presence Abroad Act 2004* and the confusion to cater for the existence of exigent circumstances and allow for flexibility where the convening of Parliament would not be practical as in the given situation and the Police Force would be needed to be deployed at a quick call.

In accordance to the legal requirements under the *Constitution*, I request approval from this Honourable House. Thank you, Mr Speaker.

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

Motion – That the Paper be noted- agreed to.

Paper noted.

WAN SQUAD DANCE GROUP - SPEECH BY THE SPEAKER

Mr SPEAKER – Honourable members, on the occasion of a successful passage of the 2022 National Money Plan, Parliament has decided to give all the members a treat with the performance by a young dance group called the Wan Squad Dance Crew.

Wan Squad Dance Crew is an urban-dance development initiative from a culturally diverse group of young PNG locals between the ages of 15-25. Wan Squad with its humble beginnings in 2018, with a crew of five members represented PNG and competed in the Hip-Hop International South Pacific Islands national qualifying competitions in Auckland, New Zealand in April 2019.

Wan Squad won the first place in that competition which saw them qualified for the World Championship Hip – Hop International Competition held in Phoenix, Arizona USA in August 2019.

This was one of the world’s most celebrated dance event where more than 4000 of the world’s best dancers from 55 countries in the world participated. PNG’s first international dance crew Wan Squad came tenth against all the celebrated world-class dancers which was a remarkable achievement in the initial international event in the United States.

Honourable Members, Wan Squad is not only about dancing hip-hop but its also about the promotion of PNG’s diverse traditional and cultural dancing contemporary hip-hop. It is

also about engaging our youths away from the social issues of society. It is about inspiring and keeping our youths pre-occupied with such beneficial activities.

Honourable Members, with those few introductory remarks let me now invite you all to the front of the glass door entrance for us to witness Papua New Guinea's Wan Squad Dance Crew with a hip-hop cultural mixed performance. I thank you all.

Mr RAINBO PAITA – I thank Parliament; leaders from the Government side as well as the leaders of the Opposition, Opposition Leader and his deputy and the shadow ministers. I thank you for sitting down with us as we passed the debate on the Budget.

ADJOURNMENT

Motion (by **Mr Rainbo Paita**) agreed to –
That the Parliament do now adjourn.

The Parliament adjourned at 5.55 p.m.