

THIRD DAY

Thursday 13 October 2022

DRAFT HANSARD

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CORRECTIONS TO DAILY HANSARD

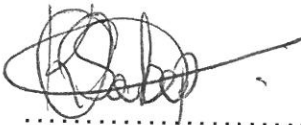
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KENNETH SEBEPMIN

Acting Principal Parliamentary Reporter

THIRD DAY

Thursday 13 October 2022

The Assistant Speaker, (**Mr Johnson Wapunai**) took the Chair at 10.am.

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

The Assistant Speaker, again took the Chair at 10.45 a.m., and invited the Member for Yangoru-Saussia, **Honourable Richard Maru** to say prayers.

‘Papa God, mipela kam hia tete wantaim planti nogut long laif bilong mipela. Mipela askim yu long fogivim mipela wantaim blut bilong yu. Nau moning mipela askim yu long stap wantaim mipela, especially long Prime Minister. Give him wisdom, knowledge and understanding to lead this country. Give us wisdom to lead your people as our country is going through a lot of challenges at this time. Without you, we are nothing and we acknowledge and pray in a special way that you will help us especially with law and order and many other challenges we are facing as a country, Amen.’

DEATH OF FORMER MEMBER – Mr GEORGE WAN – STATEMENT BY THE ASSISTANT SPEAKER

Mr ASSISTANT SPEAKER – Honourable members, I have to inform this Parliament of the death of Mr George Wan, on 15 August 2022. He was a former Member for Usino-Bundi. He was first elected during the Fifth Parliament from 1992-1997, and again, in the Sixth Parliament from 1997-2002 for the same seat. During those terms, he served as the Deputy Chairman of the Appointment Committee, Member for National Parliament Committee, Chairman of Pension and Retirement Benefit Committee and Member for Public Accounts Committee from July 1997 to March 1998.

He was appointed vice Minister for Arts and Culture in December 1997 to July 1998. and Vice Minister for Communication in July 1999 in the Skate Government. He was re-appointed to the Pension and Retirement Benefit Committee in November 1999. He was a member of the Referral Committee on Health and Family Welfare, and Primary Resources from July 1997 to July 1998. He was the Chairman of the Public Accounts Committee from November 1999 to

December 2000, and the Deputy Chairman of the Provincial Government Suspension Committee in December 2000.

He was appointed Shadow Minister for Agriculture and Livestock, Lands and Physical Planning, and Environment and Conservation by the Opposition Leader the late Honourable Bill Skate in June to November 2001. He was a member of the People's Progress Party.

As a mark of respect in memory of the late honourable gentleman, I invite all honourable members to rise in their places.

(All Members stood in silence in their places as a mark of respect to the late gentlemen).

I thank the Parliament.

02/03

QUESTIONS

Address Legacy Issues from Oil Search Arrangement

Mr WILLIAM POWI – Thank you, Mr Assistant Speaker, for giving me this opportunity. My questions are directed to the Minister for Petroleum and Energy, and relevant government ministers can take note.

Mr Assistant Speaker, before Santos company took over from Oil Search company, the National Security Commission and the Department of Petroleum and Energy asked those of us who were affected in this transaction to write to them stating legacy issues of significance that affect our provinces and project sites.

I represented the Southern Highlands Provincial Government and wrote to the Security's Commission and to the Department of Petroleum and Energy stating that Santos take over from Oil Search, they must look at some critical legacy issues.

The first issue that I raised in the consultation was that Oil Search was producing electricity in Kutubu in the Oil Search camp site yet none of our surrounding communities were provided with electricity as a token of appreciation to the community, and for being good cooperative citizens. You are taking our resource and producing electricity as a goodwill, provide electricity to those in the surrounding areas who live in the dark. That was one of the issues that I raised at that time.

The second issue is, my people of Southern Highlands are forever inundating Western Highlands Province for flights to Port Moresby. I have the Moro Airport; can you upgrade it and open that airport as a commercial opportunity for my people to use?

The third issue is, the road from Kutubu to Poroma has been used by the PNG LNG container trucks and it has deteriorated. It is for the LNG and not for the people, seal that road.

The fourth issue I raised and the Security Commission had taken note of this; is regarding the road from Kutubu-Homa-Pawa to Boguale and to Hela. This is a much-talked about road. They said Santos will not take over from Oil Search until these legacy issues are dealt with. But Santos took over Oil Search, taking 38 per cent from the biggest PNG LNG project. Whilst taking the upstream licence, they built a new power plant, and plan to build one downstream as well.

So, Minister, through you, Mr Assistant Speaker, these are very critical issues of national importance. You obtained upstream licence and then you come and try to do the downstream business which the land owners and the local business owners could have run, the downstream electricity production.

Mr Assistant Speaker, my question is; Oil Search has already been bought by Santos which is in operation and received the 38 per cent share from PNG LNG. The company – Santos, and the Government advised us to write to them about the legacy issues and we have done that.

Has the company or government done anything about that yet?

Thank you.

03/03

Mr KERENGA KUA – Thank you, Mr Assistant Speaker.

This is the first time for me to rise and speak since I have returned from the elections, so I would like to firstly thank the people of Sinasina-Yonggomugl for voting me back for the third time. In Simbu, we have a custom of not voting the same person consecutively for three terms into Parliament, but this is the first of its kind so I humbly thank my people.

Now, to the questions from the Governor of Southern Highlands, Honourable William Powi; these questions are very important and I have to answer them carefully. If the Governor, can give me a copy of the letter he wrote to the Securities Commission and the four questions he raised, so that I can thoroughly answer them in the next sitting of Parliament.

Thank you, Mr Assistant Speaker.

KPHL To Buy Santos Ltd Shares

Mr ALLAN BIRD – Thank you, Mr Assistant Speaker. My questions are directed to the Minister for State Enterprise, in particular Kumul Petroleum Holding Limited (KPHL).

By way of background, in the last sitting before we rose for elections, the UBS heist report was presented on this Floor and it shows clearly the links between the former Prime Minister, the directors of Oil Search, Inter Oil and a shady character called Mr Carlo Civelli.

Recently, the Board and Management of KPHL decided that they would go ahead and buy shares from Santos Limited.

Mr Assistant Speaker, as a representative on this Floor, I take issue with that decision, simply because in the UBS Report that was presented on this Floor, it clearly shows that tax payers were conned into paying for the shares that Oil Search took out of the Papua LNG where we paid over a billion dollars. Immediately after the findings of the inquiry were presented on this Floor, the Managing Director of Oil Search retired as a direct consequence of the findings of the inquiry.

In my view, Oil Search was merged with Santos to extinguish any legal proceedings in Australia because that is where they are domicile; they did it to avoid prosecution.

Now, we find that a 100 per cent PNG-owned and managed company called KPHL intends to buy five per cent of Papua LNG for another billion dollars.

Mr Assistant Speaker, my questions are as follows;

(1) Does the left hand of the Government which is KPHL, understand what the right hand of the Government, which is this House, has done by spending a significant amount of tax payer's money on a very public enquiry? Do they understand that the people of Papua New Guinea own this entity and how do they not know what happens on this Floor?

(2) Are State entities allowed to purchase stolen property?

Are they somehow absolved of responsibility so they can go ahead and purchase property because 40 per cent of Papua LNG, that was purchased using the UBS funds that came from the tax payers of Papua New Guinea, are now property of Santos through that merger.

(3) Given that the State has now, through its business arm gone ahead and purchased or intends to purchase these shares, do these actions now make the findings of the inquiry null and void?

04/03

And does this action now make the findings of the inquiry useless and unenforceable because we have agreed to purchase stolen property that our own findings have confirmed are stolen.

(4) While we appreciate that KPHL is a public company and perhaps does amazing work around the country; is the Minister able to present on this Floor the investment strategy of KPH? If there is one, can the Minister table it for the benefit of the members in this House?

(5) Does KPHL have a dividend policy, who decides that policy, and can the Minister also table that policy for the benefit of the members of this House.

Thank you, Mr Assistant Speaker.

Mr WILLIAM DUMA – Thank you, Mr Assistant Speaker. I would like to thank the Governor of East Sepik Province, Honourable Allan Bird, for asking these very important questions.

Mr Assistant Speaker and fellow leaders, as you all aware; this issue has been a subject of much debate, even in the social media and main stream media as well. It's a very important issue and I thank the Governor for raising it. I will try my best to answer the questions according to the order in which they were presented.

Mr Assistant Speaker, in relation to the arrangement by Kumul Petroleum Holdings to purchase five per cent equity in Santos; I must point out that the issues which led to the establishment of a commission of inquiry into the USB are slightly different in that, at that time the Government through Kumul Petroleum Holdings Limited acquired 10 per cent share holdings directly in Oil Search Limited whereas, in this case, the arrangements are made for Kumul Petroleum Holdings Limited to acquire equity in the LNG project and not to buy equity shares in the company Santos. So, there is a difference.

We, leaders must not forget the fact that Santos is a publicly owned company and it can offer the same shares to other partners in the current Papua LNG project. It can possibly offer those shares to Exxon Mobile and there is nothing preventing the company to enter into such agreement.

So, because of the representations that were made by our leaders including the Governor of Southern Highlands and our Prime Minister, Santos although it had no legal obligations whatsoever, agreed to allow our nationally-owned company an opportunity to acquire additional equity in the LNG project. So, that is the background information as to why these arrangements were made.

In relation to the first question on whether the Kumul Petroleum who is also a company owned by the people and who has direct or indirect connection with our Parliament and understands the implications of the UBS inquiry? Yes, these are commercial arrangements between our nationally-owned company and the publicly-owned and registered in another country.

As to the issue of whether or not we as a State, and including our nationally-owned company are allowed to purchase stolen property, we have had the benefit of receiving the inquiry of the UBS and certain findings were made. These findings were made by an inquiry that can be subjected to a challenge by anyone who is affected by the inquiry.

This Government is yet to setup terms of references or a team which can decide whether to implement the findings of that inquiry or not.

05/03

At this stage, it is arguable in relation to the questions of whether or not, those shares were actually stolen. It is an arguable issue and not for me to discuss in this Parliament but a matter that remains to be dealt with at a later stage.

At this stage, we proceed in the commercial world on the basis that the shares or any interest in a company as they are presented, are for valuable consideration subject to no encumbrances. So in the commercial world, anyone can proceed on the assumption, on the basis that shares in a publicly valued company, or in an unincorporated joint venture or any company are free and legal for anyone to conduct transactions on. I understand the concerns of the Governor and we can look at those issues later on.

In relation to the question of whether or not the shares that are about to be purchased are illegal and whether there will be any adverse implications, as I have said earlier, we can only reach and make that assessment later on.

In relation to the investment strategy of Kumul Petroleum Holdings, like all the other companies that are owned by the State through the Kumul group, they are required by law to present their annual reports through Cabinet, who then authorises the minister responsible to present them to Parliament.

I can assure the Governor that the annual report and operating plan of Kumul Petroleum Holdings was actually approved by Cabinet early this year, and will be presented by myself, as the Minister, when I make a statement in this Parliament in due course.

The accounts of Kumul Petroleum Holdings as a public company are always audited and cleared by the Auditor-General. It is usually done by one of the four major international accounting firms that are operating in this country.

We have those annual reading plans that are always approved by the Cabinet. As I have said earlier, it will be presented to Parliament in the next sitting.

In relation to the dividend policies, yes, they exist and all companies that are owned by the State are required to follow. There is a certain percentage, but I am not able to inform the Parliament of the precise percentage that is allowed by the policy for the company to retain, invest and meet other operational expenditure. There is a certain percentage that is required of this company to present to the Government.

We have seen over the years that Kumul Petroleum Holdings has delivered. In the last financial year, it has delivered dividends totalling to nearly K1 billion, which this Government badly needed for our country. It has been providing dividends. There is an existing dividend policy.

I can assure the Governor that if he allows me time, I will be able to write and inform him of the precise percentage of the dividend, that is required to be paid by this company to the shareholder.

Mr Allan Bird – Point of order! Thank you, Mr Assistant Speaker. Just a correction to inform the Minister, that my request was that those documents be presented to the House and not given to me personally.

Thank you, Mr Assistant Speaker.

Mr WILLIAM DUMA – Thank you. I would like to thank the Governor for clarifying this. I misunderstood him. It will be presented publicly to this Parliament along with my ministerial statement as I have alluded to earlier.

Thank you, Mr Assistant Speaker.

Supplementary Question

Pay PNG LNG Beneficiaries Share

Mr PHILIP UNDIALU – Thank you, Mr Assistant Speaker. My supplementary question is related to the same issue.

Firstly, it is good to hear that our then Petroleum Minister, Mr William Duma, now the Minister for State Enterprises, was the minister behind the PNG LNG Project, and he has an institutional memory of how we have structured the PNG LNG Agreement.

In Kokopo, the then late Prime Minister, Sir Michael Somare, gave 4.27 per cent to the five provincial governments, the affected LLGs and over 20,000 land owners. Two NEC decisions were in agreements to give that since March 2020; one of this decision was that the 4.27 per cent plus all the income generated from that must be released to the beneficiary groups.

06/03

Last year, over K1.2 billion revenue was generated and received by KPHL; 25 per cent of that, rightfully belongs to my people, the people of Southern Highlands, Western Province, Gulf and Central Province. Why is KPHL milking on that money that belongs to the people.

(1) After two successive NEC decisions led by the Prime Minister who is the trustee shareholder, why is KPHL continuing to misuse and abuse that money and only give a small portion to the landowners and the provincial governments?

(2) When will the honourable Minister, release that money? What is the Minister going to do about the K300 million or K200 million kina which was never paid to us?

When are you releasing that 4.27 per cent? We don't want to be part of a capital group going around and investing in speculative investments. My people's 4.27 per cent must be released immediately. Give me the deadline. When are we going to enforce the NEC decision that is still outstanding since 2020.

Thank you, Mr Assistant Speaker.

Mr WILLIAM DUMA – Thank you, Mr Assistant Speaker, I would like to thank the Governor for Hela for this very important question.

I can agree with the Governor that it is true that the landowners are entitled to 4.27 per cent, there is no dispute about it. I can also agree with him having being the minister responsible who was part of a negotiation which led to an agreement for our landowners to be given that percentage. I can assure him that he has a valid concern and I stand to help resolve this long-standing issue.

In relation to the apparent inability or the failure of the State of Kumul Petroleum Holdings Limited to give effect to the two NEC decisions, I must clarify that I was not the minister responsible during that time and I'm not familiar with the precise wording of the NEC decision. If the good governor can write to me expressing those concerns, I can assure him that

I will try my best to deal with the issue and resolve it for the benefit of all parties concerned. I must also emphasize that our landowners are very important stakeholders and we have an obligation to deliver what was promised to them when we signed that project agreement. So, I will be able to assist the Governor, if he is able to provide me copies of the two NEC decisions and I will help him.

Thank you, Mr Assistant Speaker.

Enforce National Standards Law

Mr SOLEN LOIFA – Thank you, Mr Assistant Speaker, for giving me the opportunity to speak on this Floor of Parliament for the first time representing my people of Menyamya.

Mr Assistant Speaker, my question without notice is to the Minister for Commerce and Industry. In our country we see that food and clothing don't have any standards and most of these items are not regulated. For example, goods such as medicine, clothes and food are sold at low prices.

07/03

I understand that National Institute of Standards and Industrial Technology (NISIT) is one industry which regulates laws but the laws are too generic.

I want to inform the Minister for Commerce and Industry that these laws regulated by NISIT are not effective in monitoring food items and clothes imported into the country. The cheap food and household items filling up the shelves of shops in the city give us a bad name and also, these items don't last and the cheap food items imported are affecting the health of the people in this country.

Therefore, NISIT seriously needs to revisit and impose tougher penalties against imports of these products and enforce National Standard Law.

- (1) Why there is no National Standard Law being fully enforced in that regard?
- (2) If there is no National Standard Law in the country, can the Ministry enforce one for the country?

Mr HENRY AMULI – Thank you, Mr Acting Speaker, I thank the Member for Menyamya for raising this important question. Its one of the legacy issues in the country. Yes, the pricing and quality sale of goods in the country is one major issue which really affects our country.

Before I answer the questions raised by the good Member for Menyamya, firstly let me thank the good Honourable Prime Minister in entrusting me the Ministry for Commerce and Industry on behalf of the people of Sohe and Northern Province.

In regards to the questions raised concerning the goods which we import into the country, I take note of these questions, which directly falls under Commerce and Industry, especially with the NISIT which controls the pricing of food items and household items.

I take note of these questions and I will respond to these questions in the next sitting because I don't have the answers now. I will have to sit with my department, especially NISIT and look into these questions raised.

Thank you, Mr Acting Speaker.

Retrenchment Exercise for Public Servants

Mr DOUGLAS TOMURIESA – Thank you, Mr Acting Speaker, I want to direct my question to the good Treasurer and Member for Kavieng.

My question is in relation to the statement presented by the Minister for Public Service, Honourable Joe Sungi, with regards to the retirement exercise for the public servants.

Mr Acting Speaker, we the Opposition may seem stereotype but we will be asking pertinent questions that will require hard facts and answers. So, my question to the good hard-working Treasurer is about the Government's approval or appropriation of K200 million through the Department of Treasury for the retirement of some 640 public servants, who in my view are very experience public servants.

In connection to the summary on the retirement exercise statement made by the Minister yesterday he mentioned that K178.4 million was expended for this exercise since 2019 for 3,236 retirees in the public service.

08/03

Today, we know that a lot of retired public servants, especially from our disciplined forces are still waiting for their retirement payments. They are still waiting for the Government's golden handshake.

A few weeks ago, the new Police Minister announced that there would be an eviction carried out at police barracks' nationwide targeting children of officers who are 18 years and over. A lot of our retired officers are still waiting for their retirement payouts; some have used up all their superannuation savings and payments from the departments are taking too long.

It is very encouraging to see that the Public Service Minister has included in his report an achievement of a payout of K178 million.

Can the Minister inform us where all these monies gone? There are some families from the Police and Defense Forces who are still residing in the barracks', many have died and their children are still waiting for their fathers' entitlements. We have a situation where young officers cannot move in to occupy these houses because they are still being occupied by the retired officers or their families.

Mr ACTING SPEAKER – Honourable, Deputy Opposition Leader, please get to your question!

Mr DOUGLAS TOMURIESA –Thank you. I will go to my questions now.

(1) Can the Treasurer assure, this Parliament, the retirees, the nation and all public servants that the K63.5 million earmarked for this program will not be just another failed program whereby these funds are sent to the departments and are redirected or diverted to other programs and the retirees are left waiting in vain and stranded?

(2) Can the Treasurer outline the steps taken to safeguard these funds and if there is going to be a trust account established to make sure that these funds are paid out for the marked programs? Not to be used as consultant fees and allowances for officers who pretend to carry out these programs and also, when carrying out retrenchments, make sure the old ones are paid before approving a new list of officers for retrenchment. Make sure their entitlements are ready before sending them off, to avoid the long list of people waiting payment.

While I have made a very long story of this issue, let us be reminded of the good work that most of the ministers are doing in looking into the welfare of our workforce. Let us attend to the retirees, many of whom have retired in the 1990s and are still waiting.

(3) Can we assure them that these monies that is at hand now will be paid to those still alive and to the beneficiaries of those who have already died?

Mr IAN LING-STUCKEY – Thank you, Mr Acting Speaker. I want to thank the honourable leader for his detailed questions and I want to assure him and the Parliament that since this Government took over in 2019, we had a very focused plan. We worked very hard to deal with legacy issues with regard to public service wages.

Generally, in response to the retirement benefits, I have mentioned on this Floor in several statements that we must ensure that we complete this retirement program for all public

servants because the net result will be a savings of around K120- K130 million from our wages expenses. That is the big picture and we remain focused on that, and again with the public service wages blow-out which has been a huge expenditure pressure in all budgets, from all governments, if I recall correctly, when we came into office in 2019, it was a massive unacceptable K1.1 billion.

09/03

In 2020, we reduced this down to about K780 million, if I recall correctly, and then we reduced that down to about half a billion kina in 2021, and we continue to reduce that blow-out. So, Mr Acting Speaker, we are very serious in trying to deal with these issues.

For the specific regarding what plans we have to ensure that the K63.5 million is not misused and what steps we have to protect this; firstly, Mr Acting Speaker, I do detect some merit in his thinking and desire to ensure these funds are quarantined and of course protected so that they are not misused.

I note your suggestion and hint, that perhaps we could put that into a trust fund and because of the merit in your suggestion, I am happy to take that out with the Minister for Finance who is empowered under the act to establish some trust accounts. In relation to having it protected and being misused, I take note of your concern and I will continue to manage these funds that I have under the functions that I have as a Treasurer.

Thank you.

Reform Oil and Gas Act

Ms KESSY SAWANG – Thank you, Mr Acting Speaker, for giving me this opportunity to ask this question to the Minister for Petroleum and Energy. Firstly, I want to commend the Marape-Rosso Government for taking a bold stand in taking back PNG from economic inequalities, in this case, the inequality that exists in the benefit sharing arrangements in the extraction of our country's natural resources.

I think, our Prime Minister, deserves commendation for his bold stand against economic bullies in the extractive sector. My questions are as follows:

(1) My first question is; are we going to reform the existing *Oil and Gas Act 1998* which is not benefiting our people and have Papua New Guinea have a first share in the benefit sharing?

Mr Acting Speaker, we need cheaper energy to attract foreign direct investments, downstream processing, manufacturing, and moving PNG towards industrialisation. What

defines logic is, we are really blessed with so much energy, oil and gas we extract them and ship overseas and we import the finish products at much higher cost and we produce energy to only 13 per cent of our people.

(2) Are you going to provide cheaper sustainable and accessible energy to Papua New Guinea?

Thank you.

Mr KERENGA KUA – Thank you, Mr Acting Speaker. Before I answer the question, I congratulate Honourable Kessy Sawang for being elected to the Floor of this Parliament and I also thank the people of Rai Coast for bringing to the Floor of Parliament a very educated and experienced lady to assist in the work of the Parliament.

On the two questions; most of us have always taken the view, Mr Acting Speaker, that the *Oil and Gas Act* operates repressively against the people of Papua New Guinea and the State. Since the Marape-Basil Government and now the Marape-Rosso Government has been office, we have been looking for means and ways to reform the existing statutory regime. The current regime we have under the *Oil and Gas Act* is a post-World War II regime which is based on a system called a Concession Base Licencing System.

10/03

That is where operators come in, we give them licences, they make a discovery and we forfeit our 100 per cent rights of ownership to them and, most importantly we give it to them FOC.

Upon receiving that gift, they sell back a certain percentage back to us; this applies to both petroleum and mining sectors. In mining there is an option to sell us up to 30 per cent and in petroleum 22.5 per cent. So, what we give them free the other day, they will sell it back to us the next day for a commercial price.

Now, what happens here is that when that offer is made, we run off to the banks to borrow money to buy back the percentage that is being offered so it is called a buy-back scheme, or from a Papua New Guinean's perspective, you can call it a buy-back scam.

But, that is the law that has been made by this Parliament since the beginning, so that law continues to make us give our 100 per cent ownership rights and we struggle to buy it back. When this situation arises, we borrow from the bank; first instance, we borrowed money under this legislative scheme.

The second instance, where we run off to borrow money yet again is when that projects goes into construction phase. Each participant is required to contribute a percentage of the construction cost equal to the value of the equity. If we have 22.5 per cent equity which we bought back, then we are required to contribute 22.5 per cent of the construction cost, and that is a lot of money. So, for the second time, we go back to the bank and borrow again.

So, before the first gas or mineral is sold, we already have two massive loans in our hands and when revenue begins to flow, it will take us 10 to 20 years to pay off that loan before we receive 100 per cent of the consolidated revenue.

Mr Acting Speaker, what happens at that point in time is that the resource has declined or diminished because we have been harvesting or digging it out and selling it, so by the time we are able to receive most of the revenue, the project life has reached the end.

Mr Acting Speaker, it does not operate well for us; so, if we are thinking right as leaders, we must maximise the benefit out of our natural resources for the benefit of the people of this country, by reforming this law.

Mr Acting Speaker, when we took office, the Prime Minister said, “We must take back Papua New Guinea”, in terms of natural resources, we must maximise our revenue gains in those spaces. Those are the two leadership calls he made, and that drives the focus of this Government in all economic sectors. We, the ministers remember this leadership call all the time when we are conducting our businesses.

So, one of the first things that I have done as Minister for Petroleum from 2019, was to introduce to this Parliament a draft bill to move us away from this Concession Based Licencing System into a new regime called the production sharing arrangement. This will eliminate the buy-back scheme or scam therefore, eliminating the need to go and borrow. The resource will be developed at the developer’s cost and we share upon the resource being produced, where we can market our shares together. This loan business, these massive liabilities that we incur under the Concession Based Licencing Systems has to be eliminated.

Towards the end of the last Parliament, I introduced a bill which was approved by Cabinet; I tabled it and it was on the Notice Paper of this Parliament but two things happened and we had to withdraw the bill.

Firstly, we received some late submissions to revise certain parts of it from important leaders on the Floor of this Parliament. Secondly, we had reached the end of the term and we had gone into election so we withdrew that bill.

Now, that a new Cabinet has been setup, my department will recommence the redrafting of the bill to ensure that we bring this bill back to this Parliament at it very earliest.

11/03

That is opportunity we will have and I ask, if you people want us to maximize the revenue on the harvesting of our petroleum resources especially in this country, we need the support of all you leaders on the Floor of this Parliament when the bills comes in.

On the question of providing cheap gas, it is very hard to do that under the existing legal frame work. As I said, it is ownership-based; we forfeited our ownership upon the grant of licenses, upon the signing of our project agreement. We can only deal with our shares. So, if we wanted to provide cheap gas, perhaps, we can be able use our own share of the production to provide cheap petrol, diesel and so forth.

On the other end, we also have a big demand for cash to use to develop our country in all other areas. So, a decision has to be made between providing cheap energy and also bringing in maximum amount of cash so that we can meet the demands for cash for everything else in this country.

So, that is the issue we have, however, the main point is that the current legislation does not favour us to make that. In the application of the current oil and gas, I've seen that there's a little space where we can be able to do that if we put those resources in the hands of the State or nominees and agents of the State.

Then, we will be able to put certain volume of resources or oil in the hands of the State itself, and in that space the State itself can be able to claim 100 per cent ownership instead of giving it away; produce it and make it available to meet the States need for the provision of cheap energy in this country.

I know that the Minister for Commerce is doing a lot of work; he wants to industrialise this country, he wants to move into manufacturing, and all of those things. Therefore, he needs that cheap energy; the cheap petrol, kerosene, oil and gas need to be made available for businesses in this country.

And if we reduce the manufacturing cost in this country, we can be competitive in the world market and grow our country that way. So, because there is very limited ability to do that, we have been looking and working at it. And finally, we've come up with an idea which I've sat down and discussed with the Prime Minister on Monday.

We have his blessing and we'll be working further on this idea. If it works out well then there is the prospect of making it available to this country by providing a certain amount of oil and gas on a price that the government will fix where the production under that arrangement will be ours and not in the developers' hands.

So, we are working on it, but other than that there isn't any other opportunity. We have to wait until we reform our laws and then we will create that opportunity.

I am a person who believes that we must make available cheap energy in this country in order to support work that other ministers do in the economic sector. In order to industrialise our country, we need cheap labour, resource, and cheap energy. When you combine them, you can achieve all those targets? Smelting of gold, copper, iron, aluminum, and all these things can be done in Papua New Guinea if we provide cheap gas.

So, that is our target, we are working on it and in due course, we will let Parliament know if it turns out positively.

Thank you, Mr Acting Speaker.

Mr ACTING SPEAKER – Honourable Members, our question time has lapsed.

Mr BELDEN NAMAHA – I understand the *Standing Orders* perfectly Mr Acting Speaker.

Mr ACTING SPEAKER – Honourable Members, since the Minister has taken much time to respond to the questions. We have already gone beyond the question time. I will use my discretion to allow for this Supplementary Question. There will be no more questions after this because the question time has lapsed.

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Supplementary Question

Reform Resource Laws

Mr BELDEN NAMAHA – Thank you, Mr Acting Speaker. My question is relevant to the previous question, I understand from the explanation by the Minister for Petroleum and Energy of the existing legislation on our resources sector in the country, especially in the extractive industry.

Mr Acting Speaker, the law seems to be adopted from our colonial masters. It is based on the crown law. My questions are;

It is high time, as we approach the 50 years of our country's independence that we need to seriously revolutionise the industry sector by coming up with major reforms.

(1) Can the good Minister for Petroleum and Energy consider having our land owners to have a free-carry in all the extractive resource industry?

I say this because with all the existing laws, we actually do not own anything. We call ourselves land owners for nothing. From the laws that we have, whether it is in the oil and gas or the mining sector, the company that does the exploration is given the first right of refusal to develop when it finds the resources. We are then asked to pay our equity in that particular resource, which is totally wrong. It must not be entertained at all. There must be a law and we need to bring that in quickly.

My suggestion would be that, our landowners should have a free-carry in all the extractive resource industries in our country; from oil and gas, mining and everything including forestry and fishery.

For example, if there is any fishing company coming to harvest tuna in our waters, our landowners must have a free-carry in the industry. I am asking the Minister to consider that.

(2) Can we repeal the legislation that enables the exploration company the first right of refusal upon finding the resource?

That law must be done away with, and we need to come up with a major reform on resource laws.

Thank you, Mr Acting Speaker.

Mr KERENGA KUA – Thank you, Mr Acting Speaker. I agree with the Member for Vanimomo-Green. We will do our best to bring the bill in as quickly as possible. After that bill is passed, then we can enter into discussions about how we share amongst our families, including the land owners.

Thank you.

**FOSTERING DEMAND-DRIVEN & SUSTAINABLE HIGHER AND TECHNICAL
EDUCATION IN PAPUA NEW GUINEA THROUGH STRATEGIC
INTERVENTIONS TO SUPPORT SOCIO-ECONOMIC DEVELOPMENT –
MINISTERIAL STATEMENT –
PAPER NOTED**

Mr DON POLYE (Kandep – Minister for Higher Education, Research, Science and Technology and Sports) – Thank you, Mr Acting Speaker. My statement is on, ‘fostering

demand-driven and the sustainable higher and technical education in Papua New Guinea through strategic interventions to support socio-economic development’.

Mr Acting Speaker, honourable members and the Prime Minister, I thank you for allowing me the opportunity to address this House, on behalf of my ministerial portfolio and department, the Ministry and Department for Higher Education, Research, Science and Technology.

On behalf of my people of Kandep, I thank the Prime Minister, Honourable James Marape, for giving me this confidence in my capability and leadership, by entrusting me two most important ministerial portfolios under my humble care, the Ministry of Higher Education, Research, Science and Technology (DHERST), and the Ministry of Sports. They are two different portfolios.

Mr Acting Speaker, nonetheless, they both address integral human development, the most important fact in human life. I shall present another paper on sports later.

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I commend and thank the Marape-Rosso Government for prioritizing and addressing integral human development through DHERST and sports to achieve quality wellbeing of our nation. The Prime Minister’s continued personal support for progressive development in the higher and technical education sector, and sports in Papua New Guinea is a strategic approach in the right direction.

The Prime Minister’s focus in these two sectors is to have quality and productive human beings developed who in turn will successfully develop the country; therefore, I will apply my efforts to the best so that I can bring the Marape-Rosso Government vision into realisation.

Mr Acting Speaker, second to my belief in Christianity is integral human development. I believe unwaveringly that if we all as a nation develop human intellectual capabilities and skills, this country will be in safe hands.

Mr Acting Speaker, I personally believe in knowledge, quality human growth and development. I believe in the development of a human person in every aspect. I believe unwaveringly that if we as a nation, develop human intellectual capabilities and skills, this country will be in safe hands for many years to come, because the future generations will have the country in their hands.

Mr Acting Speaker, I wish to firstly inform the National Parliament of the current state of higher education and skills development in the country by presenting a brief overview of the progress of the Higher and Technical Education reform.

Secondly, in our endeavour to improve access, quality and relevance of higher education and skills development, I wish to present my Ministry's strategic targets for this term of Parliament in shifting from a supply-driven curriculum towards demand-driven curriculum and training packages. I will address quality education and technical vocation skills training. I will also touch on a bit of resourcing at the end.

Mr Acting Speaker, the higher and technical education landscape in Papua New Guinea is transforming to meet the demands of the 21st Century amidst the shocks of the Covid19 pandemic, the Ukraine-Russia war and limited budgetary support over the last five years. The amendment to the *Higher Education (General Provisions) Act, 2014* and the subsequent passing of the *Higher and Technical Education Reform Act, 2020* provides the enabling legislative framework to reform, transform and unify what used to be a relatively small and fragmented higher and technical education system as directed by the National Executive Council Decision (NEC Decision No. NG25/2017).

Mr Acting Speaker, implementation of the reform is guided by the National Higher and Technical Education Plan 2021-2030 and National Skills Development Plan 2021-2025. These plans provide directions for implementing the reform to increase access, enhance quality and relevance of higher education and skills development in the context of digital technology transformation and a knowledge-based economy.

Mr Acting Speaker, the implementation of the higher and technical education reform is tied to the following five key result areas:

(1) Transfer of budgetary allocation from affected agencies to DHERST.

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(2) Establishment of governing councils for transferred higher education institutions, and the implementation of governance manual for public higher education institutions.

(3) Transfer of private sector registration & accreditation functions from National Training Council to DHERST

(4) Establishment of new salaries terms and conditions for HEIs, transfer of public servants from affected agencies.

(5) Digitalization rollout strategy and system support for DHERST and all institutions

Mr Acting Speaker, I am pleased to inform this Parliament that progress has been made in each of these five key result areas since 2021. In the last 12 months, 39 higher and technical education institutions are State and church-owned institutions, 32 were institutions being

transferred from other ministries to the Ministry of Higher Education, Research, Science and Technology (refer to attachment 1 transferred higher colleges to the Department of Higher Education, Research Science and Technology (DHERST)).

In the 2022 National Budget, this transfer of institutions and functions were complemented by transfer of recurrent budget lines for teacher colleges and technical colleges. Transfer of recurrent budgets for nursing and agriculture colleges is anticipated in the 2023 National Budget and others will follow in the next five years.

Establishing a single coherent funding system and improved financial reporting are my ministry and department's intention.

In addition, Mr Acting Speaker, new governance arrangements under the *Higher and Technical Education Reform Act* intended to promote a semi-autonomous model for transferred institutions is being implemented. To date, 30 governing councils have been appointed by the National Higher and Technical Education Board and nine more will be appointed in the coming year.

Mr Acting Speaker, the functions of registration and accreditation of private training institutions in the country was also transferred from the National Training Council under the Ministry of Labour and Industrial Relations to DHERST.

Increased access to higher education with placements from 11,000 in 2021 to 15,000 in 2022; DHERST is half-way to achieving the national higher and technical education plan (NHTEP) goal of 30,000 placements per annum by 2030. Strategic imperatives for accelerating sector growth and expansion include: facilitating institutional mergers, amalgamations and new institutions; continuously improving sector regulation and compliance; and the rollout of DHERST's digitalisation strategy.

Mr Acting Speaker, attracting and retaining qualified and competent academics and trainers is a critical contributor to the delivery of quality higher and technical education and training. I am pleased to inform this Parliament that under the reform, new terms and conditions for transferring academic staff including new performance-based contracts containing new remuneration scales and allowances will be established.

My department is working closely with the Department of Personnel Management to establish standardised organisational structures for the transferred institutions, new terms and conditions for staff of the transferred institutions and also a refined organisational structure for DHERST.

Mr Acting Speaker, I therefore am confident that the good Minister for Public Service can take note and ensure that organisational structures for DHERST and transferred colleges will be approved urgently to support the implementation of the reform.

The urgency in my sincere request for approval of the Department's organisation realigned structure and higher and technical institutions structure is to build the capacity of the department and colleges to develop and manage quality for which my policy focused is on.

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B Medium Term Strategic Focus Areas

(1) Regulation and Compliance Policy Statement

Mr Acting Speaker, the main policy goal for regulation and compliance is to continuously improve the regulatory and compliance system that ensures higher and technical education institutions meet national standards based on international best practices. I am of the strongest belief that my Marape-Rosso Government will develop quality education and skill development for our graduates.

Mr Acting Speaker, the higher and technical education reform ensured a once fragmented regulatory system for postsecondary training is now unified under one policy and regulatory oversight or agency. All higher and technical education institutions totaling 57 are required by law to be registered by the National Higher and Technical Education Board. All universities and colleges are required to undergo external reviews on a five-year basis to ensure they continuously meet the National Standards.

All courses or programmes are required to incorporate the requirements of the National Standards. There are 13 Standards for regulating universities and 10 for regulating colleges as per the PNG National Qualifications Framework (PNG NQF). All qualifications offered are aligned to nationally-approved level of qualification to ensure qualifications issued by institutions in PNG are; able to provide students and graduates pathways within and across programmes and institutions and further allow students and graduates in the TVET sub-sector a pathway into higher education; and internationally comparable, meaning PNG qualifications are as good as any qualification attained internationally.

PNG NQF is aligned to Asia-Pacific Standards and European Standards including the Washington Accord for Engineering Programme. We want to align our universities to top performing universities like Melbourne University, Australia National University, University of Queensland, and Royal Melbourne Institute of Technology. Currently there are 57 higher and technical education institutions recognised by the National Higher and Technical

Education Board. This is an increase of 21 institutions since 2017, reflecting a 37 per cent increase.

DHERST is incorporating into its current quality assurance system, processes to register a total of 113 private training institutions and their programmes. In attachment 2, at the back of this statement is the lists of 113 private training institutions which have been transferred from National Training Council to the Department.

Issues and Challenges

Mr Acting Speaker, the current challenges for regulation and compliance of higher and technical education in PNG are: insufficient funding to conduct institutional audits and program reviews and non-compliance to National Standards by some institutions and different curriculums being offered-delivered in the TVET sub-sector, most not meeting the demand and skills required by industry.

Mr Acting Speaker, while growth of new institutions and programs to cater for the increasing number of school leavers annually is encouraged, compliance with quality assurance regulation is mandatory.

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This includes new institutions proposed by Members of Parliament. Currently more than 200 private institutions operate without formal registration and accreditation.

Mr Acting Speaker, that is very important to me because they must follow the standards. The department will ensure that these institutions fully comply with the regulations and be registered.

Mr Acting Speaker, we will grow the private sector by registering private education and training institutions that are able to meet and satisfy the higher education regulations and are self-sustainable. This is to ensure that quality is regulated.

I received reports of students who said they enrolled in this college or institution and it was closed down after five or ten years and that's not fair.

Mr Acting Speaker, to address these challenges and to meet the policy objective of quality assurance, my Ministry and the department will embark on the following strategic interventions in the next five years:

Enforcement of the Fees and Charges

The DHERST will enforce fees and charges stipulated in the *Higher Education (General Provisions) Act 2014* (as amended). Institutions that do not comply with the National Standards will be penalised under the *Higher and Technical Education General Provisions Act*.

Strengthen the registration and accreditation functions of DHERST

The DHERST will ensure higher and technical education institutions are registered and their programmes accredited. This includes instituting a continuous quality improvement culture within all institutions.

Mr Acting Speaker, to ensure quality assurance audits and program reviews are conducted, it will cost us approximately K3 million annually and we are sure, we will mobilise that.

Infrastructure Development & Partnerships

Mr Acting Speaker, increase access, quality and relevance of higher and technical education through quality infrastructure development and strategic partnerships

Mr Acting Speaker, for the last five years, infrastructure development for over 60 public institutions State-owned institutions and church-owned have been funded by the National Government through the Public Investment Programme (PIP). While the number of institutions seems large, the funding is still insufficient to increase the enrolment capacities of these institutions.

Nevertheless, Mr Acting Speaker, 95 project components have been completed in the last three years (2020-2022). The main infrastructure types include staff houses, hall of residence (dormitories), lecture buildings, multi-purpose halls, perimeter fencing, science laboratories, computer laboratories amongst others.

The department will carry out an inventory assessment for all institutions to develop a proper physical infrastructure development plan. The TVET institutions that have missed out on first phase of the ADB Project will be considered in the next phase including teacher, nursing and tourism. In so doing, we improve quality of teaching, learning and infrastructure. This will include church-run institutions.

Mr Acting Speaker, our aim is to make sure that all institutions are funded and up to required standards to meet the growing socio-economic demands of Papua New Guinea.

Issues and Challenges

The main challenges in infrastructure development have been insufficient funding and lack of capacity of institutions to deliver. It has been a trend in the last 10 years where actual funding received is less than the appropriated amount and significantly less than the requested amount.

Another challenge facing my Ministry and the department is the need to relocate nursing colleges that are currently situated on land belonging to provincial health authorities as in Eastern Highlands and Milne Bay Provinces.

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Way Forward - Five Year Targets:

Mr Acting Speaker, as portfolio Minister, it is my intention to ensure access to adequate quality physical infrastructure, and teaching and learning resources contribute to relevant skills development in the next five years. To achieve this, I am directing my department to effectively administer the implementation of physical infrastructures to meet national standards; procurement of teaching and learning resources; and establish project management systems and processes.

To address these challenges, my Ministry through DHERST will embark on the following interventions in the next five years:

Mr Acting Speaker, DHERST is taking a two-pronged approach to infrastructure development with the intention of increasing student enrolments. The first approach is to build two infrastructures in each of the existing institutions at a cost of K130 million over the next five years.

The second approach is to support the establishment of new institutions (including Medical University, Lutheran University and Innovative University of Enga) and upgrading of existing vocational centres/institutions (based on labour-market needs, equity and government directives) at K700 million over the next five years.

Mr Acting Speaker, my department aims to establish at least one new institution in the areas of agriculture, teacher education, technical and polytechnic training, nursing and specialised fields such as Science Technology Engineering Mathematics (STEM).

Mr Acting Speaker, to improve program and project management my Department's aim is to develop a monitoring and evaluation framework to periodically monitor and evaluate developments in the higher and technical education sector through a systematic approach. This will contribute to improving periodic reporting across the sector.

Mr Acting Speaker, through this infrastructure development proposal and the development partner support mainly through the Asian Development Bank (Improved TVET for Employment Project), Government of Australia (Sub-National Skills for Growth Program) and Peoples' Republic of China (Western Pacific University Project) about 4,000 new spaces will be created in our higher and technical education institutions in the next five years.

Mr Acting Speaker, for physical infrastructure the total cost to create at least 4,000 spaces using this intervention modality to improve access to quality higher education and training is

approximately K1.23 billion (K529.3 million + K700 million) over five years. This will be guided by an infrastructure development plan.

Digitalisation

Mr Acting Speaker, the overall policy goal for digitalization is to connect and transform the higher and technical education sector through digitalization of management and service functions and enhance access to higher and technical education and research through digital platforms.

Mr Acting Speaker, my Ministry's digitalisation strategy aims at transforming the higher and technical education sector into a diverse and growing network of post-secondary HEI's that prepare students for application of knowledge at an advanced level. In the next five years, the focus will be to maximise the digital learning and teaching space.

The digitalisation roll-out to provinces and the 89 districts will provide an e-teaching and learning platform that is accessible to all students.

18/03

Successful delivery of digital education services requires significant capacity development and adaptation in teaching and learning processes to ensure people-led rather than technology-led innovation and transformation.

Mr Acting Speaker, we are looking at models such as Japan National Broadcasting University offering online tertiary qualification for over 50 years now and also a model in Malaysian National Open University.

Mr Acting Speaker, aspects of this broad digitalisation plan has been implemented which include the National Online Application System and National Online Selections System which have replaced the manual School Leaver Form. That is implement by the department now and selections of Grade 12 school leavers. The Higher Education Loan Program is also digitalised.

The department will venture into partnering with ICT service providers such as DataCo, Telikom, Mobile Companies and others for provision of affordable and reliable internet service to higher and technical education institutions. DHERST has also undertaken ICT capacity assessment for 18 institutions as pilot project to establish current capacities and what is immediately required.

Mr Acting Speaker, I am confident that by working with the Minister for Information, Communication and Technology, we will be able to reach the target through online learning. And we will soon sign an agreement with DataCo to progress our digitalisation strategy on the higher and technical education sector.

Mr Acting Speaker, the lack of funding for digitalisation and support systems roll out at DHERST and institution levels remains a challenge but I am confident that we can mobilise the resources to address this issue. The budget submission for that program stands at K59.3 million, I've presented to the budget formation for next year.

Mr Acting Speaker, what's my five-year target, I intend to take a phased-approach to digitalising management and service functions within my Ministry over the next five years. This includes:

(1) Develop a digitalisation strategy and implementation plan for the sector including the PNG National Open University.

(2) Digitalise Department of higher Education Research Science Technology systems process and functions.

(3) Implement National Online Application and Selections systems in Papua New Guinea.

(4) Provision of internet services to cover at least 50 per cent of public and technical education institutions throughout the country.

Mr Acting Speaker, to implement this phased approach to digitalizing the sector, we will require an investment of K81 million over five years. For instance, internet connectivity, e-library, database management system and infrastructure.

Mr Acting Speaker, given the digital transformation and health pandemic, natural disasters, I am now placing digitalisation as a strategic priority to improve teaching and learning in a secured environment. That is learning from Covid-19 pandemic, which on the other side of the coin has been a blessing in disguise, so we are going into digitalisation with our all activities.

Employability & Skills Development

Mr Acting Speaker, my focus is on educating and training our graduates to be readily employable for domestic, regional and global labour markets relevant for the 21st century.

Furthermore, my department will focus on developing the national training package, a curriculum based on industry demand and requirements. The vehicle to drive this priority is the National Skills Development Agency. There's no point in teaching or training our graduates if they do not meet the demand in the industry. We must be market driven.

19/03

The National Skills Development Agency (NSDA) is an agency within my Ministry that was established in 2019, following a directive from the Prime Minister in 2018, to have a

national skills agency under DHERST legislative framework, which is the *Higher Education (General Provisions) Act 2014*.

The intent of the National Skills Development Agency is to provide an enabling platform for oversight, regulation, planning and development of national skills capacity. The agency is demand-driven and industry-led, with the overall objective to contribute to national economic growth and development through a demand-driven curriculum, and industry-led approach to skills development based on labour market demand and government priorities.

National Skills Development Agency has representatives of people from government departments, industries, employers, civil society, and, higher and technical education institutions, who collectively advise the department on the skills demanded in the country.

The National Skills Development Agency has established four industry skills groups based on the government's priorities. They are:

Agriculture

The curriculum development in agriculture is very important. We are looking at the Prime Minister's policy perspective on coffee, oil palm and livestock. Those are very important areas that the curriculum development will take into serious consideration in putting the curriculum together.

Construction

The next is in the construction industry, if you recall back when we started the PNG LNG Project, there was about 30,000 people coming in from outside to be employed because we do not have the skill here. The skills required were simple as; supervision, construction, driving a machine, or setting up a culvert or brace. Those are things we should have but at that time we did not have them.

We are looking at those equalities because when we have the next project like that in the petroleum or mining sector, we will have our people to do those jobs. We will have 30,000 jobs for our Papua New Guineans, rather than bringing in 30,000 foreign workers from outside to work in PNG.

TVET Trainers

The training of the teachers is very important. I have a family member who is a teacher. She told me that there are teachers coming in to teach in our high schools or secondary schools. She said, 'I do not see a teacher in that person.' And I asked her what she meant by that because she had been teaching for the last 30 to 40 years. She replied, 'because they were not trained to teach.' They are very knowledgeable but when they come into the classroom, they cannot

impart that through teaching to the students. The TVET trainers will look at how we train teachers to teach properly. That is what this program will look at.

Fisheries

Fisheries is a very important sector. There is a lot of work done and we need to develop our people there. The curriculum development that we are undertaking now will also address developing skills in oil palm, coffee, livestock and SMEs, in general under agriculture and all these other sectors that I alluded to.

Work is currently in progress to establish the nursing, tourism and hospitality, petroleum and mining, ICT, SME, down-streaming processing industry skills groups. The first phase funding from the Asia Development Bank (ADB) will focus on five (5) key areas:

- (1) TVET colleges governance and management;
- (2) High quality teacher training;
- (3) Curriculum for TVET demand-driven programmes;
- (4) Gender-responsive TVET infrastructure and equipment;
- (5) National TVET governance and industry linkages.

The next phase of ADB will consider implementing the NEC Decision 2019 to roll out colleges in the 89 districts. I would like to continue to enjoy the partnership of the ADB because they have been very strong and unwavering in their support and partnership to this country.

Mr Acting Speaker, I became confused when I had a discussion with a representative from ADB in regards to the gender-responsive TVET issue.

20/03

The ADB officer and myself discussed this issue, and I asked, 'in the construction field you do not create a different construction environment for the ladies and another for the men, it should be the same'. He gave me an example at the University of Technology saying that when you go there, you will find that there are no female student toilets. These things are very important in the study environment.

The next phase of ADB depends on the success of Phase 1. Therefore, budgetary support is very important, especially counterpart funding, and must commence immediately in 2023.

Industry skills groups composed of experts from various industries to provide advice on the development of curriculum and national training packages for their respective industries ensuring that the training packages are targeted towards meeting the needs and requirements of the industry and employers.

The demand-driven curriculum to ensure that graduates are equipped with relevant skills needed in the industries making them compatible and employable both locally and globally.

Educate and train the highly educated and skilled workforce to support the government to grow the economy and sustain the social sector in a secured environment.

Mr Acting Speaker, the way forward for next five years include:

- Identify and prioritise additional industry skills groups according to government priorities and labour market demands. We will focus on providing relevant academic programmes in the areas of Science, Technology, Engineering and Mathematics (STEM), and sociology that address political, economic, social and technological changes.

- Ensure delivery of the national training packages (pilot delivery)

In the long term, the National Skills Development Agency is intended to be established as a standalone authority. We will be discussing this with the Prime Minister and other ministers and stakeholders, if we can make it separate as an entity on its own to focus on skills development.

Mr Acting Speaker, to progress the work of the National Skills Development Agency and improve quality assurance of technical education and training in the next five years, an estimated K4.3 million is required. This will cover development and pilot delivery of additional 20 training packages. This is critical to ensure standardisation of training driven by industry demands.

Mr Acting Speaker, the Government plans to expand current capacities in universities and colleges by 100 per cent in the next decade with an emphasis on addressing skills shortage in sectors such as the health and medical, nursing, teaching and technical fields. This will require increased Government investment in the higher and technical education sector.

Mr Acting Speaker, innovative funding sources will be pursued to complement the traditional funding streams of the Government which are highly subject to the boom-and-bust cycles of the economy. This will include promoting the existing tax incentives (Sovereign Wealth Fund) to benefit the education sector, establishment of higher education endowment fund and donations amongst others.

Mr Acting Speaker, let me put on record that I was instrumental in establishing the Sovereign Wealth Fund to which the higher education endowment fund is a component. Now that I am the Minister responsible for the Higher Education Research Science and Technology, I will ensure that Sovereign Wealth Fund is fully established and operational.

Mr Acting Speaker, funding allocated to my department for the last five years 2018 –

2022 indicates an inconsistent trend which has affected service delivery in the sector. Massive budget cuts were recorded in each year, K37.5 million in 2018, K35.1 million in 2019, K38.3 million in 2020, K8.6 million in 2021 and K23.3 million in 2022 respectively through the Supplementary Budget.

21/03

Funds were mostly cut under the PIP and Government's Scholarship TESAS program. Despite the funding issues, the department continued to deliver impact projects such as the sector reforms, higher education loan program (HELP), ICT infrastructure which when fully developed and stabilised will revolutionise and transform the teaching and learning delivery system.

Mr Acting Speaker, comparing the trend of funding with the increasing number of students and institutions, the budgetary appropriation is declining in the opposite direction.

Mr Acting Speaker, as Minister responsible I will not allow this illogical and unjustified funding trend to continue.

If the number of students and institutions is increasing exponentially, funding must be increased.

Table 4 Expenditure trend by major programs 2019 - 2022

Description	2019 (K)	2020 (K)	2021 (K)	2022 (K) (MID YEAR)
Ministerial Support	308,771.55	322,001.51	415,000.00	113,869.00
DHERST Operations	8,695,430.45	11,650,784.37	11,024,200.00	24,846,083.20
TESAS	70,685,798.00	61,257,657.00	43,000,000.00	18,786,942.30
HELP	0	60,538,794.97	0	0
Natschol Allowances	500,000.00	7,614,630.00	740,313.00	3,036.00
DWU Grants	9,100,000.00	13,094,000.00	4,094,000.00	4,000,000.00
WPU Grants	0	0	2,000,000.00	2,000,000.00
Total Operations:	89,290,300.00	154,477,867.85	61,512,513.00	57,764,464.15
Projects (PIP)	66,473,955.96	42,959,806.82	37,000,000.00	7,143,056.80
Grand Total:	155,763,956.85	197,437,674.67	98,512,213.00	64,907,520.95

*Note** In 2018, K9.8m in operational grants was paid to DWU. Funding was allocated under TESAS program*

Mr Acting Speaker, obtaining a tertiary qualification is becoming more expensive, and more of the burden is being shared by parents and students. National Government spending on higher education has decreased in real terms and has not kept up with inflation.

The unit cost of educating a student has increased due to change in economic situation and consumer price index (CPI), which has resulted in increasing school fees. My department

in partnership with National Research Institution (NRI) and University of Papua New Guinea (UPNG) is currently undertaking research on the unit cost to inform Budgetary Support.

Mr Acting Speaker, according to the higher education financing report, PNG invests only about 0.66 percent of its GDP on higher education compared to countries with well-established higher education systems, whose governments spend at least 1.8 percent of their GDP on their higher and technical education sector.

For development to occur, we need to invest more in developing mindset and infrastructure.

Buildings must be designed and built based on approved building designs and standards. Buildings should not mushroom without proper planning, in order to withstand natural disaster.

Therefore, the Marape-Rosso Government will look into development perspective differently to develop education and skill development. I as the Minister will provide good governance and management to ensure that funding is put into good use.

Way Forward - Five Year Targets:

Mr Acting Speaker, the annual budget appropriation is insufficient to implement the priorities of the higher and technical education sector. Therefore, in the next five years, we aim to seek an increased budget allocation for the higher and technical (61) education sector through the national budget process and also seek other sources of funding.

Mr Acting Speaker, NEC has approved the establishment of a higher education endowment fund (HEEF) for planned commencement in 2023. The fund will be the mechanism to facilitate other sustainable financing support from donors, the private sector, and other potential partners to develop the higher and technical education sector.

An early income stream into the fund will be the repayment of HELP loans from graduating scholars, quality assurance fees and potentially a portion of the Sovereign Wealth Fund. It is anticipated that once established in the next five years, it should provide an additional funding of about K30 million annually and increase as it generates interest.

Mr Acting Speaker, given the critical need to expand the current physical and ICT infrastructure capacity in the higher and technical education sector, the Government will consider large infrastructure project financing to be supported by infrastructure financing specialists such as development partners, international lending institutions, private corporations and philanthropic foundations. Early next year, I will commence gauging views from stakeholders on funding the sector. The best approach is to hold a conference to brainstorm ideas from experts in the industry.

Mr Acting Speaker, improved financing must be supported by the strengthening of governance and management capacities across all levels and sub-sector of government to ensure increased funding is utilised effectively. The Government will promote the establishment of an effective funding model that is guided by higher and technical education sector medium term investment plan to foster a performance-oriented approach.

22/03

As the Minister, I have zero tolerance for abuse, mismanagement and misappropriation of public funds and a complicity work ethic in the area that I am responsible for. I have vision to ensure that the Marape Governments' vision is achieved by prudent governance.

Mr Acting Speaker, you can see there are some tables here showing statistics and I will leave that to your own leisure reading and I will continue with the statement.

The higher and technical education sector has been faced with challenges of implementing and successfully delivering programs and projects. These challenges however when addressed will greatly enhance the implementation processes as well as assist my department in achieving key milestones and deliverables.

My department has addressed some of the challenges and continues to work towards improving its systems and processes. The main challenge faced in implementing the programs and projects amongst others, is the scarce resource. This continues to be the main challenge but it is surmountable in driving the aspirations of the country's higher and technical education. I will work tirelessly to create strategic and innovative financing with the support of the Prime Minister and Treasurer, so that we have some sustainable financing in this sector.

Mr Acting Speaker, to summaries; my Ministry and Department are committed to addressing access, as to how we increase the number of students that are learning either through established institutions, TVET or online; the quality of the curriculum; the teachers; their standards; the governance, and everything else that raises the quality above. Together with relevance in the employment market, both locally and internationally through these strategic priorities and interventions at a cost of K1.3 billion, we should achieve them over the next five years.

We will invest up to K15 million in quality assurance, infrastructure development will have an expenditure of K1.2 billion, digitalization will have us spending K81 million, while employability and skills development which is the training of teachers and trainers will see us spend about K5 million. We shall not use the scarcity of financial resources as a reason to under fund or not fund these programs I present today.

If there is no cash flow in our system, DHERST and TVET will find creative ways with our development partners in other areas to fund these activities and flourish so that our people are adequately equipped with the appropriate skills to find life - skills jobs in order to put food on the table.

In the face of post-Covid and uncertainties driven by technological transformation in a knowledge-based economy, our mid-term policy areas and strategic actions are designed to read the signals, adapt and respond to surprises in the rapidly changing environment.

Mr Acting Speaker, I would like to urge the Eleventh Parliament to support my Ministry's strategies to unify and transform the higher and technical education system in order to establish quality education and skills development platform for PNG.

The Ministry for Higher Education, Science, Research and Technology is convinced that investment in the higher education sector is critical for economic growth, poverty reduction and in making PNG a smart, wise, fair, healthy and happy society by the year 2050.

Mr Acting Speaker, allow me to finish off by saying that, may this honourable House of the people make integral human development its next religion to Christianity.

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PNG must boldly have the human capital development at the highest standards to ensure that no child is left behind and therefore to transform Papua New Guinea into one of the richest Christian nation on earth.

Mr Acting Speaker and members of the 11th Parliament, thank you kindly for your attention and I commend this statement to the House.

I will in due course bring in the Sports Report in the next meeting of Parliament.

Thank you.

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

That the Parliament take note of the paper.

Mr Acting Speaker, we see a lot of restlessness in our country. Many of our youths have left school at grades 8, 10, and 12 with no obvious future for them. Those that have left school at grade 8 are only 15 or 16 years old while those who have left school at grade 10 are only 16 or 17 years old and those who left school at grade 12 are only 18, 19 or 20 years old. They are children of our country we have left behind.

Mr Acting Speaker, today, if you look at the total number of students being left behind and from the last 10 years, we have produced more school dropouts with no future after grade 8 or 10 or 12 exams. This is a serious problem we need to address today. That is why the Higher Education Minister has come up with a statement up front in the phase of us going forward in 2023 and beyond the next ten years.

I just want to make an appeal to all of us at different strata of leadership at the district level, provincial level and at the national level in the education space, make a concerted effort to have a handle on this problem that is now a national security matter.

If we don't address proper intervention in the education space, the youths of today and the youths of tomorrow will be living in a place where they are not employed or they are not skilled to find employment or create employment.

The problem we see today in urban areas and in the rural areas is restlessness due to unskilled and unengaged citizens of our country. This problem will increase going forward into the future. To secure the future of our country, we must make an investment in the education sector. If you look at the statistics that we are currently have, only 11,000 spaces exist in our tertiary schools right now. That's what the Minister has pointed to us. Yet, from the 30,000 grade 12 students who sit the examinations, we only send 11,000 into our existing universities and colleges and the remaining 19, 000 has been left behind. You do the mathematics, if 19,000 has been left behind in the last 10 years, we have left 190,000 youths beyond in our country in the last 10 years, not to mention the years. That is not to include the 70,000 we have left after grade 8 exams. Also, that is not to include the 50,000 we have left after grade 10 exams. So, you have dropouts at grade 8, 10 and 12. As a government we decided to put a pulse on the Higher Education space as well as the lower education. We want to create 30,000 new spaces in post-education opportunities, post-grade 12 education opportunities in our country, 10 years from today.

At the lower education, we are focused on ensuring all our children educate themselves to year 12. I will give you one example, in my district today, there is an institution call Hope Institute. Over 400 students are sitting the grade 10 and 12 exams, utilising the FODE pathway of second chance education our Government has introduced.

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In the last three years, we have brought back 50,000 children who have been out of school and are now upgrading their marks through the FODE structure. I point out to all districts and

provincial government to have a keen interest in the education of our youths who are in our districts and provinces.

At this time, I put to the districts and provinces to have a handle on the primary, high schools and secondary schools because the National Government is looking in a concerted manner to expand without compromising quality in tertiary spaces. The Minister in his statement has alluded to 20,000 new spaces and we will subscribe to Western-based education standards.

I have just returned from my trip to UK, US and Australian and these three countries are working to export not just in labour at a lower end but for skilled Papua New Guineans who can also work outside. And, so our focus on education is not just a social sector approach but it more of an economic sector approach in training Papua New Guineans with skills and qualifications to work in our own country and create employment, as well as for them to work in markets that demand their skills through a bilateral relationship we will secure. I want us all to support the Minister.

We have approved an ADB Lending Program to make expansion for 20,000 new spaces and we will be targeting in the first instance, our universities and colleges. Instead of building new ones, the Minister for Higher Education, Research, Science and Technology is trying to ensure the use of government policy to allow for quality learning institution providers to come in as private institutions but with standards that are approved by the government. Also, he is trying to utilise the use of ICT to allow education to be delivered throughout the country.

I would just want to conclude by asking all of us here to put pulse on the education sector. Therein contains the security and safety of our country going forward. We want to train them properly, not just giving them basic education like Maths, English, Science and Social Science but more importantly create a complete citizen so that hopefully ten years from today you and I will be living in a better country that has skilled Papua New Guineans coming out from our school systems and hopefully the 30,000 spaces we create will help develop productive Papua New Guineans.

I would like to conclude by saying that as a Government, depending on funding, we may come up with a program to look into partnering neighbouring countries who are willing to accept our students for study.

Mr Acting Speaker, when I visited Indonesia, for the bi-lateral relation meeting, the Indonesian President did give an indication of 2,000 spaces in the universities and technical colleges being available. We are also looking at filling the gap of the 19,000 present dropouts by sending students in the region and abroad to train them in our pursuit to build skilled and

qualified Papua New Guinean adults in our country instead of having unskilled people dropping out of grades eight, 10 and 12.

Mr Acting Speaker, let us support the Minister for Higher Education, Research Science and Technology get to work in this sector.

Thank you.

Mr ELIAS KAPAVORE (Pomio) – Thank you, Mr Acting Speaker, on behalf of the Opposition, I would like to express our support to the statement made by the Minister for Higher Education, Research, Science and Technology. It is very important as it is about nation building and securing our future through tertiary institutions and we truly support it.

There are few comments that I would like to make; recently the Minister for Public Service launched a long-term Human Resource Plan 2020-2040, and if that can be integrated in this particular development of our tertiary institutions. Another point is, we see that functions of the Public Service Commission should also be reviewed so that they advise the Government on what needs to be done.

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But, I am just looking at Section 191 of the Public Service Commission function at the moment, they are dealing with personal matters about 98 per cent of their time.

The Section 191(b), talks about the continuous review of the State functions and the review of curriculums, I believe this is something that you need to do. The Minister for Higher Education needs; to review our curriculums and put together the need to re-focus and see what we need to do as a nation going forward.

So, that is a need to connect the Public Service Commission into this particular arrangement as well. The Australia Public Service Commission talks about the highly capable future of public service. And we look at the Singapore Public Service Commission, it also talks about building the public service ready for the future. And yet in Papua New Guinea, we talk about reviewing personal matters every time. So, I like to see that we also integrate some functions of the Public Service Commission which are already in the *Constitution* to make them perform their function as well to continue to review curriculum, skills and update them on a continuous basis.

Thank you, Mr Acting Speaker.

Motion – That the question be put – agreed to.

Motion – That Parliament take note of the Paper – agreed to.

Paper noted.

**MINISTER FOR TREASURY – ECONOMIC UPDATE
WITH GOOD DOMESTIC NEWS – MINISTERIAL STATEMENT –
MOTION TO TAKE NOTE OF PAPER**

Mr IAN LING - STUCKEY (Kavieng - Minister for Treasury) – Mr Acting Speaker, the Marape/Rosso Government is a transparent government. We want to keep our people informed of economic developments as in almost every Parliamentary session since resuming office as Treasurer.

I want to update our people on recent economic developments. Today, I want to give some economic updates since my last discussion of the Supplementary Budget and MYEFO in our August session. Broadly, the domestic economy situation appears to have improved but the international economy situation seems to be getting worse with key countries likely to head into recession next year.

This will make it more difficult for the 2023 Budget. As members of this House, an understanding of this international pressure can help as we prepare to consider 2023 Budget in our next Parliament session.

On international economic developments, in my statement to Parliament in August, I noted that the outlook for the global economy had moved to and I call "gloomy and more uncertain". Unfortunately, the global economic outlook has become much, much worse over the last two months. The international changes are well beyond the control of a country such as ours where our economy accounts for just 0.03 per cent, or three ten-thousands, of the world economy, PNG's economy will be buffeted by these winds of the global economy in the same way as a small raft in a very large storm.

Many now expect major economies will move back into a global recession next year. The International Monetary Fund released their updated outlook over night for the global economy just yesterday. Let me share a few quotes from the IMF Chief Economist. 'The three

largest economies of the US, Europe and China will continue to stall. For many people, 2023 will feel like a recession.’ And then, the IMF continues and states, ‘The worst is yet to come.’

There are three main reasons for this depressing international news. The first is on-going supply chain shortages stemming from Covid-19, especially the continuing lock-downs in China.

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The second is the on-going and troubling Ukraine-Russian war. I think there are few here that can remember the fears of a nuclear confrontation. The recent words by US President Biden, talking about the most risky nuclear situation since the 1962 Cuban missile crisis, is indeed a cause for concern.

The third economic threat is global inflation. Central banks around the world are rapidly increasing interest rates as most of you are aware. For example, in the United States, inflation has increased from 1.3 per cent in 2020 to current estimates of 8.2 per cent.

In response, the US Federal Reserve, equivalent to our Central Bank, has lifted interest rates from essentially zero per cent to now three per cent. Further increases are considered very likely, until US prices start falling in response to the economy slowing, even if it means the US will be going into a recession.

Mr Acting Speaker, this has significant implications for PNG. First, our export markets will be affected. There will be less opportunities for our coffee and cocoa in the US markets. Second, our international interest costs will increase, putting some pressures on our budget. And third, an economic slowdown will put downward pressure on oil prices. Despite a small bounce in recent weeks, the WTI crude oil price, is lower than at the time of Russia's invasion of Ukraine and oil futures say it will fall further. While a fall in oil prices is good for many PNG families, it also means less resource revenues for our 2023 Budget.

As we designed the 2022 Supplementary Budget with nearly K1.2 billion in additional expenditures, we understood that the boom in oil revenues was only going to be temporary. We did not want to repeat the tragic budgetary mistakes of 2014 of spending big before revenues were received. Instead, we spent two-thirds of that temporary bonus in helping pay down debt and arrears.

We designed the Supplementary Budget to also provide temporary assistance to households to deal with increased imported cost pressures. All increased expenditures were matched by increased revenues as we continue on the path of budget repair. This was responsible, balanced, caring management of our national budget and economy.

As we prepare for our 2023 Budget, we must understand that the global headwinds have become much more difficult than even two months ago. And the on-going fall in oil prices means that the huge resource revenue bonus in 2022 was indeed just temporary.

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PNG Domestic Economy

Mr Acting Speaker, in stark contrast to the bad news on the international economy, there continues to be good news on the local economy.

The latest release by our central bank estimates PNG's inflation rate will be six per cent in 2022, slightly below the MYEFO figure of 6.2 per cent. This is already below PNG's long-term average inflation rate of 6.8 per cent. Importantly, BPNG considers inflation will fall further to only five per cent in next year and four per cent in 2024.

PNG's foreign exchange reserves are at a historic high. They are now estimated to exceed K14 billion by the end of the year, well up from the K12 billion estimate at MYEFO. I continue to believe that more of these reserves should go to our businesses to help clear foreign exchange backlogs and help support our economy.

The recent World Bank report on the PNG economy estimates real growth across 2021 and 2022 will reach a combined five per cent. This exactly matches the Treasury combined estimate. It is also very similar to the IMF estimate that strong real growth rates are returning to our country.

These are the facts. There is good news about the on-going strength of our PNG economy. And as stated by our Prime Minister, when commenting on the recent positive World Bank report on our economy, "This is a more balanced approach to our national development - a people-first approach that gives priority to and encourages our human resources - is the foundation for the success so far of our reform programme".

Thank you, Mr Prime Minister.

Misinformation Campaigns

When talking about the actual facts of the PNG economy, can I express my dismay at the misinformation being spread by the opposition and on social media on the actual state of the economy. The falsehoods are extraordinary deliberate lies.

Let me give a couple of examples, somebody from the Opposite side described the 2022 Supplementary Budget as a turns out the lights budget with ridiculous cost cutting suggesting a 100 per cent cut in DSIP. Just extraordinary lies.

Mr Acting Speaker, the 2022 Supplementary Budget turned on the lights and continued to shine on the path of budget repair jobs going forward. There was an increase in expenditure of K1,198 million, matched fully by an increase in revenues. How can anyone in their right mind describe an increase of nearly K1.2 billion in expenditure as "cost-cutting"? How is this turning out the lights? There was a 20 per cent increase in DSIP back to K10 million per electorate and K3 million for the seven new electorates. We have already distributed around K8 – K10 million per electorate and are trying to catch up on those that have received less — these are distributed funds and suggestions that they will be cut are simply shameless lies from someone in the Opposition.

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We have extraordinary language in the social media, including so-called "think tanks", claiming our economy is in crisis, claiming hyper-inflation, claiming our foreign exchange reserves are at an all-time low, and claiming our currency has collapsed.

Mr Acting Speaker, these are false and untrue lies. Why are people trying to talk down the economy? What are their motives? Why do they ignore the facts? The growth in the non-resource economy, that part of the economy responsible for providing almost all of our people's livelihoods, is very strong. There is a 4.4 per cent growth in real terms this year and 4.8 per cent projection for next year. As I have previously stated, the fact is that, our economy has grown to over K100 billion. This is a K27.6 billion increase in the economy over the last two years, by far the largest increase in our country's history. The fact is that inflation is well below that of other low to middle income countries, it is lower than inflation in 2016, and it is lower than PNC's long-term average inflation rate of 6.8 percent. Our foreign exchange reserves are at an all-time high at over K14 billion, not a low. Our currency has stayed steady against the US dollar and risen against almost all other global currencies as a result.

When we debate important matters of public policy, whether it be in this house or with our people on social media or press releases, let us be honest enough to deal with the facts. Inventing and spreading lies disrespects the proud office that each of us hold.

Mr Acting Speaker, we inherited a legacy of a massive increase in debt from K8 billion to K40 billion. We inherited a legacy of uncontrolled budget deficits. The global Covid-19 pandemic made things so much worse. The Marape-Rosso Government has stayed the course of budget repair. We protected the budget to protect the economy. We have had a major reduction in the budget deficits over the last two years, and these reductions will continue. We

will base our decisions on facts, not on the lies promoted by some in social media and some sitting in the Opposition.

As the global economy is in very difficult times, there will a need for difficult decisions. Not everyone can get the project that they want nor can they get the tax cut they think they deserve, but we must remember the importance of building a robust, sustainable, equitable economy.

We must continue to get our House in order to protect our children's future. I have always said that it would take years to achieve this.

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We are working hard to get our economy back to a surplus by 2027 and start repaying debt. This is the wider, strategic context for the forthcoming 2023 Budget.

Thank you.

Motion – That the question be put – agreed to.

**MINISTRY OF WORKS – CONNECT PNG PROGRAMME FINANCING AND
IMPLEMENTATION – MINISTERIAL STATEMENT –
MOTION TO TAKE NOTE OF PAPER**

Mr SOLAN MIRISIM (Telefomin-Minister for Works and Highways) – Thank you, Acting Speaker for giving me the opportunity to provide an update on the progress of the financing and the implementation of the various programs and projects under the Connect PNG Economic Road Infrastructure Development Program.

Mr Acting Speaker, before I do so, let me firstly thank the Prime Minister James Marape for entrusting me with this huge responsibility as the Minister for Works and Highways. I say huge responsibility because the department has been entrusted with the responsibility to achieve 100 per cent road connectivity for PNG by 2040 through the 20 years connect PNG Programme.

I also acknowledge and thank my predecessor, Mr Michael Nali, and the Department of Works and Highways who worked so hard in the last Parliament to bring about the prerequisite policy and legislative reforms in the road sub-sector so that the department can effectively

deliver on its key mandate of developing and managing roads in the country on a sustainable basis.

Mr Acting Speaker, since the 1950-1970s when roads were first built in this country to connect people, places and regions, our road networks have continued to form the backbone of the country's transport system, supporting our development and progress thus far. As the cheapest and convenient mode of transportation, the road network caters for 85 per cent of our passenger and freight demands in the country.

Today, on our economic lifeline highways comprising the Highlands, Magi, Hiritano, Boluminski, East and West New Britain, Sepik,

Ramu-Madang and Enga, highways which make up 4,200 kilometers of the 30,000 kilometers national road network, take a combined total passenger of 8,000 per day equating to three million people per year.

At the same time, there are more than 1.4 million tonnes of freight; manufactured goods, raw materials, agriculture products, and project development, operational equipment and plants being transported by heavy trucks on the highways for major companies like Barrick, ExxonMobil, Oil Search, Ramu Agri-Industries, oil palm industries and many others at the upstream end that rely on roads for day to day movement of huge tonnes of cargo to keep business operations going.

Mr Acting Speaker, wealth creation and distribution are at the heart of the economic development for PNG. Majority of the rural population depend on roads more than any other form of transportation and must be empowered through improved road access. Constraints like poor road conditions, traffic levels on most of our provincial roads is between 10-30 vehicles a day with the limited usage for basic service delivery and transportation of agriculture products to the markets on four-wheel drives.

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Mr Acting Speaker, PNG's road freight and passenger transportation demands are growing and will double in the next five years as our key economic highways get major face lift to safe and reliable highways standards as priority. At the same time, we will improve the sub-national roads and progressively open up the new missing link roads connecting key economic corridors under the ongoing Connect PNG Program.

Mr Acting Speaker, sustained movement of goods and services of improved road accessibility is a key to connect:

- Investors and developers to natural resources,

- Farmers to markets,
- Transport service providers to passengers and freight,
- Children to schools,
- The sick to health facilities,
- Connecting the unconnected,
- Reaching the unreached, and
- Serving the unserved.

Mr Acting Speaker, there is a strong correlation between the country's economic development and the quality of its road network. Due to decades of under-funding, today more than 70 per cent of the country's road network is still in a poor or frail condition and is adding to the ever-increasing transportation and logistics costs to service delivery and business operations as well as huge stock of deferred maintenance costs to the asset owner which is the government.

Consequently, key social and economic development goals have been impossible to attain as such the country continues to struggle with enormous opportunity costs.

Mr Acting Speaker, the World Bank estimates that developing countries need to invest around 4.5 per cent of GDP to achieve infrastructure-related sustainable development goals, but PNG invests substantially less than one percent annually at 0.6 per cent.

If PNG want to transform from a low-income country to a middle-income country in the next 10 years, it cannot be "business as usual".

Mr Acting Speaker, the Marape-Rosso led Government's connect PNG 2020-2040 is a carefully planned, strategic intervention to address the deliberated transport infrastructure stock inherited from past programs and at the same meet the urgent demand to open new economic corridors in PNG to unlock economic potential and stimulate socioeconomic development.

Mr Acting Speaker, the Marape-Rosso Government approved the Connect PNG Economic Road Transport Development Programme 2020-2040 in 2019. This 20-year programme is estimated to cost K20 billion at K1 billion per year.

The programme is by far the largest infrastructure development programme ever undertaken by any government. There are already major construction activities that are taking place on our national highways, provincial roads, major city and town roads all around the country. This increased construction activity is generating over 3,000 to 4,000 jobs and progressively improving the overall quality and performance of our road network.

In the first phase, the programme is expected to connect the mainland so that Papua New Guineans can drive from Wutung border post in Sandaun Province to East Cape in the Milne Bay Province. This Government will do it.

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Mr Acting Speaker, the Connect PNG, targets to development, maintain and improve 16,500 kilometers and 1,000 meters of bridges and other drainage structures. The scope of works involves rehabilitation and upgrading of existing deteriorated sections, construction of missing link roads, and their maintenance with long-term maintenance contracts.

Let me highlight here that the Connect PNG Program is built on the principle of equal distribution of national wealth and hence covers all four regions of the country to give opportunity for progress. No region or province misses out under this program. It is a careful plan by this Government.

Mr Acting Speaker, the program is implemented in three phases:

- (1) 2020-2027 to cost K7.98 billion,
- (2) 2028-2034 to cost K6.75 billion, and
- (3) 2035-2040 to cost K5.26 billion.

The phase one program covers the following accordingly, within the K7.44 billion investment:

Strategic economic highways - The Government will investment K700 million annually commencing 2023 Budget and will reach billion by 2027 to upgrade and improve the 4,200 kilometers of economic national roads to two-lane national highway standard and these highways include, Hiritano, Magi, East-West New Britain, Boluminski, Manus, Highlands Highway, Gulf, Southern Highlands Highway, and Sepik Coastal Highway which provides critical linkages for the freight and passenger movements between the Highlands, Momase and Southern economic corridors on mainland PNG and Western New Britain, Manus and New Ireland corridors on the Niugini Islands.

Construction of missing links – The Government will invest K200 million annually commencing the 2023 Budget and will reach K750 million in 2027 to construct additional 1,800 kilometers of new missing links to standard class three including Trans-Highlands Highway, Gulf-Southern Highlands Highway, Central-Milne Bay Highway and Aitape-Vanimu, Madang-Baiyer, Finschhafen-Lae road and Telefomin-Tabubil to connect one million people by road. And also, to create an unbroken road network that will connect Momase and

Highlands to Port Moresby in the Southern region by 2025 and support the rural economic plans through enhanced connection.

Building provincial and district economic roads – The Government will invest K300 million starting 2023 and will reach K1.5 billion by 2027 to improve and upgrade 9,000 kilometers of commodity provincial and district roads to rural road standards, including major city and town roads implemented in partnership with local authorities in the provinces and districts. That will give the rural population the opportunity to grow the rural economy and also encourage investments with improved access to markets in industrial and economic zones.

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National Bridge Development and Upgrade program - The Government will invest almost K200 million per year starting 2023 and will reach K1 billion to replace 1,000 meters of overdue bridge structures with composite double lane, standard bridges on the same main highways and another 2000 meters of rural standard bridges on the rural roads.

Mr Acting Speaker, in line with the Connect-PNG program, targets for the phase one 2020-2027, the Marape Government since taking office in 2019, has recorded an expenditure of K3 billion between 2019 and 2022 for the Connect-PNG programs as well as on other roads.

Mr Acting Speaker, this expenditure includes the funding of K1.93 billion worth of contracts with an equivalent scope for upgrade and improvement of 2,000 kilometers inherited from the 2012-2018 road upgrade program of the past government. Together with the completion of the balance of works inherited from the previous government and new projects funded under the Marape Government, a total of 3,200 kilometers of roads works on both national and sub - national roads has been completed.

These progressive achievements include, bringing to good condition 44 per cent of almost 1,900 kilometers of the 4,200 kilometers of the main highways with Highlands Highway and Boluminski Highway undergoing major improvements followed by other highways currently undergoing major construction works.

Proportion to the improved condition of the national road network, there is already some travel time savings and reduce wear and tear costs experienced by the road trucking and PMV operators. Some of the main projects completed, include:

- Highlands Highway (Lae-Nadzab phase 1) – 12 kilometer upgrading to four-lane, highway standard, from 4-mile junction to 9-mile junction.

- Highlands Highway (Lae Nadzab phase 2) – 7-kilometer upgrade to four-lanes highway standard from 9-mile junction to Yalu bridge K300 million.

- Highlands Highway (Kagamuka - Keltiga) – 13 kilometers upgrading to four-lane highway standard at the cost of K286 million.

- About 90 kilometers of road, worth K400 million has been completed since 2019, on the rehabilitation, upgrading and maintenance of the 430-kilometer section of the Highlands Highway from Nadzab to Mt Hagen which has a total work value of K3 billion.

- Construction of the Gulf-Southern Highlands Highway 12-kilometer missing link at K100 million.

- Boluminski Highway rehabilitation from Kavieng to Namatanai.

- Upgrade to seal of the New Britain Highway from Kokopo to Kerevat.

- Construction of three bridges on the Sepik Highway.

- Construction of 12 bridges on the New Britain Highway in West New Britain.

- More than 1000 meters of rural standard bridges supplied and constructed to provide sustainable all-weather roads at the district and provincial levels.

- Rehabilitation and maintenance of 126 kilometers of Hiritano Highway at the cost of K77 million completed.

Mr Acting Speaker, in addition, we have made some major progress on the construction of the new missing links in line with the Government's vision to unlock new business opportunities through the economic corridor development program and connecting one million people not connected by road which includes;

- Maramuni missing link which has been open from Wabag to Maramuni and will continue all the way to Sepik.

- Erave-Sembrinki 100 per cent open.

- Trans Island Highway 60 per cent open to track

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- Aitape – Vanimu 100 per cent, but needs some maintenance on the road;

- Finchhafen or Fisika (Lae) 70 per cent;

- Central – Milne Bay 50 per cent;

- Tabubil – Telefomin 80 per cent.

Mr Acting Speaker, to date, there is close to K5.6 billion worth of contracts left under phase one. A further K2.3 billion worth of projects are planned to be procured in the next three years.

There are more than K2.3 billion contracts running on the national highways, including Highlands Highway from Lae to Mt Hagen, and onwards from Mendi to Tari in Hela Province. Major works on Manus Highway, East to West New Britain Highway, Sepik Coastal Highway, Magi Highway, and Hiritano Highway.

The rehabilitation of Wau Highway between Lae (9-mile turn-off) to Bulolo Town. The rehabilitation and upgrade to seal of the Coastal Highway between Bogia and Awar in Madang Province. The rehabilitation and upgrade to seal of the Southeast Coastal Highway between Kieta and Buin. The upgrade to seal of Buka Ringroad in the Autonomous Region of Bougainville (AROB). Stabilizing and upgrade to seal of the New Britain Highway from Kerevat to Vunapaladig (ENB). Rehabilitation of the Ramu Highway between Usino and Tapoporo.

All these contracts cover total equivalent scope to upgrade 2,500 kilometres to seal standard. More than K1.6 billion worth of contracts are ongoing on the provincial and district road network as implemented in the partnership with the provincial and district road authorities, under the transfer arrangement to sustain long-term benefits of improved rural access.

About K400 million worth of construction works to open up new missing links this includes Trans-Island Highway, Central to Milne Bay link, East to West New Britain link. Trans-Island Highway, Bulolo to Epo, Magi Highway (Central Province), Milne Bay Province, Trans-Gulf Highway (Kerema to Kikori), New Britain Highway (ENBP-WNBP), Fisika roads (Lae to Finschhafen), Madang-Gulf Highway (Gumine-Karamui-Purari), Trans-Fly Border Highway, the missing link from Kiunga to Roaiambak section, Tabubil (Western Province) to Telefomin (WSP) the missing link (100 kilometres), and the Trans-Fly Border Highway from Oriomo (Daru Coast) to Wipim Station and all the way to Wiam and to Kiunga.

K1.3 billion worth of bridges rehabilitation and construction works on the national highways, including the SSIP Tranche 2 bridge replacement program on the Highlands Highway, and the continuation of supply of 500 metres of rural standard bridges for subnational road networks.

Mr Acting Speaker, starting 2023, the department will carry over on-going contractual commitments of up to K6 billion, consistent with the long term 5.6 per cent minimum funding commitment.

This effectively requires an annual minimum allocation of K1.3 billion, and then a steady cash flow of K110 million per month to meet our project contractual obligations, and hence achieving our targets under Connect PNG.

Mr Acting Speaker, the implementation of the Connect PNG is critically important for PNG and requires timely and adequate funding resources to ensure program targets and milestones are achieved in a timely manner.

In recognizing the on-going underfunding issues and its impacts on the programs targets, the Marape Government's Connect PNG program is now underpinned by *Connect PNG (Implementation and Funding Arrangements) Act 2021*, which ensure guaranteed long-term stream funding over the life of the program.

The key provision of this *Act* is to allocate a minimum of 5.6 per cent in annual budgets for the programme period out of the total revenue forecasted in the budget.

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Mr Acting Speaker, this *Act* will also address many years of misuse and misallocation of funding for road construction and maintenance to non-priority and unsolicited road projects which used to leave only 20 per cent for priority programs which had no significant socioeconomic development impact.

Mr Acting Speaker, with the new funding commitment *Act*, we have very high confidence to deliver major program targets of the Connect PNG in a timely manner. We must therefore prioritize our expenditure areas so that Papua New Guinea's scarce funding resources can achieve maximum impact on the economy and on the lives of our people.

Connect PNG programme is one of such priorities the Government must fund fully. The programme has huge potential to transform this country and elevate its development status as it impacts the economy and the lives of the people in many ways.

With this connectivity, Papua New Guinea shall never be the same again. 'Connecting the unconnected and reaching the unreachable is a must for me as the Minister for Works and Highways'

Yes, together, we can do it for Papua New Guinea and our people.

God bless Papua New Guinea.

Motion – That the question be put – agreed to

ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 1.35 p.m.