

## **SIXTH DAY**

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**Wednesday 30 November 2022**

## **DRAFT HANSARD**

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### **Subject:**

### **Page No:**

<b>QUESTIONS .....</b>	<b>1</b>
Funding to Build a NDB Office in Kundiawa .....	1
LLG President – Jiwaka .....	2
Supplementary Question - Explain Election Process – LLG Presidents .....	5
Supplementary Question - Votes of No Confidence – LLG Presidents .....	6
Rabaul Town Moratorium .....	8
Madang Provincial Administration.....	9
Negative Portrayal by Newspapers.....	11
Education Reform Program .....	13
 <b>DEPARTMENT OF EDUCATION – 2021 ANNUAL REPORT –</b>	
<b>MINISTERIAL STATEMENT –MOTION TO TAKE NOTE OF PAPER .....</b>	<b>15</b>
 <b>MINISTRY OF STATE ENTERPRISES – STATE OWNED ENTERPRISES REFORM</b>	
<b>PROGRAM – MINISTERIAL STATEMENT –MOTION TO TAKE NOTE OF PAPER .....</b>	<b>28</b>
 <b>ADJOURNMENT .....</b>	<b>44</b>

## **SIXTH DAY**

**Wednesday 30 November 2022**

The Assistant Speaker, (**Mr Agena Gamai**) took the Chair at 10 a.m..

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

Sitting suspended.

The Assistant Speaker, (**Mr Casmiro Aia**) took the Chair at 10.55 a.m., and invited the Member for Bogia, **Honourable Robert Naguri**, to say Prayers:

‘Heavenly Father we ask for your forgiveness this morning, forgive us all as we are not worthy to stand before you this morning or even mention your name. We try our best to be good to be role model to our people and our families. So, we ask your forgiveness today. We ask you to bless us and our families, bless all those people who are starving, who are sick, who are in prison. They are our people and we care for them. We thank you for all the blessings upon this beautiful nation of ours. Thank you for the Prime Minister, Opposition Leader and all the Ministers and Members of Parliament; continue to guide and bless us so we can lead our people properly, Amen’.

## **QUESTIONS**

### **Funding to Build a NDB Office in Kundiawa**

**Mr MUGUWA DILU** – Thank you Mr Assistant Speaker, for allowing me to ask questions this morning. I want to direct my question to the Minister for State Enterprises; it’s in relation to a funding to build an NDB Office in Kundiawa, Chimbu Province, some time ago when the then Minister Richard Maru was the Minister for National Planning.

I would like the Minister for State Enterprises to confirm in this House and to the people of Kundiawa-Gembogl and Chimbu Province to establish the whereabouts of the funding of NDB on the eve of this Budget which will be passed on Friday.

Can you confirm to the House and the people of Kundiawa-Gembogl and Chimbu Province that NDB Office will be built in Kundiawa Town?

It's very important for SMEs and small business owners in Kundiawa and Chimbu Province. They have been traveling down to Goroka and to Mount Hagen to access the NDB facilities provided.

Thank you, Mr Assistant Speaker.

**02/06**

**Mr WILLIAM DUMA** – Thank you, Mr Assistant Speaker. I would also like to thank the Member for Kundiawa-Gembogl for this important question.

Firstly, I would like to inform the Member for Kundiawa-Gembogl and this Parliament that I am not aware of funding being allocated in the National Budget or within the National Development Bank's working capital budget to build or improve whatever is remaining of the premises in Kundiawa. I will check either way and inform him and the other members.

The National Development Bank has been embarking on a building plan to probably house all our accommodation banking facilities and accommodation for our staff right throughout PNG.

They have already started in places like Lae and Hagen, where they have renovated the existing facilities, and also built new facilities in Maprik and Tari. It is an ongoing program in partnership with the local members of Parliament from the various areas.

I will do my best and check and if there is no such program then I will ensure that the people of Kundiawa receive good banking facilities from the National Development Bank. I will ensure to include a new building for Kundiawa in the program for next year.

I can also say that this Government has taken notice of the water supply in Kundiawa regarding the Water PNG program and there is an ongoing major work for the people of Kundiawa in relation to water.

Thank you, Member for Kundiawa-Gembogl.

#### **LLG President – Jiwaka**

**Mr WAKE GOI** – Thank you, Mr Assistant Speaker, I would like to ask my question to the Minister for Provincial and Local-level Governments. I would like to share some background before I ask my question.

Right after the Election, the declaration of the Governor, and local MPs for Jiwaka Province, the leaders all went for camp to lobby to remove the president. We conducted our PEC and chose a deputy Governor but they are still there because they are saying that the circular came from Port Moresby.

There are some officers from your department who are up at Jiwaka to conduct the presidential election of no confidence.

My questions are as follows;

(1) Why are they going through with this vote of no confidence in the President's seat? Because, in my LLG, this year in February, through your department, we said that they did not have any substance to change the president and he will still remain. It has not reached a year and they are trying to lobby again and your department is facilitating this.

(2) Are you aware of this matter? Because, I and the other MPs of Jiwaka are not aware.

(3) So, could you clarify on this Floor and to the people of Jiwaka, if the direction was from you?

Thank you.

**Mr SOROI EOE** – Thank you, Mr Assistant Speaker, and I also thank the Member for these very important questions. I think these questions are applicable to many parts of the country where so much has been happening; sometimes illegal or legal. Sometimes our officers collude to support different political interests in the provinces.

I think, what is happening on the ground at Jimi, is a political opposition in the province and district trying to take control.

**03/06**

In relation to the first issue, I am not aware that my officers are on the ground. I will consult with my secretary and senior officers and then put that in writing to the Honourable Member for Jimi. While I have this opportunity, let me clarify few other issues.

For instance, if a local-level government president has contested in the recent 2022 National General Elections, then by law, there is a vacancy for a new president to be elected. If that is the case, then what has happened is legal. There has to be a vacancy for such to take place.

That also prompt another question, when presidents go for elections regardless of its outcome, the LLG or the wards that he represents, automatically becomes vacant. Therefore, there is a reason to conduct an election to fill in that position. I will need to check properly and advise the Member later because of the way that the question has been drafted.

When I still have the opportunity, let me clarify the issues that were raised by the Member on the LLG elections. It is important that I should clear the air about it. On Monday of this week, the Electoral Commissioner informed the nation that the LLG elections will be held sometime in mid-2023 or the year after.

Obviously by law, these are issues that my ministry is dealing with and it is within the jurisdiction of the laws that we govern. It is important that we should inform our nation that this election will be conducted, hopefully in June or July of 2023, as soon as the Budget is confirmed.

Let me also point out to the House, that this is only one part of the issue that needs to be addressed. The second part is in regards to the delay of the LLG elections. Under the present laws, both the LLG and the National Elections are conducted simultaneously and concurrently, thus creating a lot of problems, particularly in reference to resources.

By law, when the Return of Writs are accepted by the Government or the Governor-General, the LLG elections should be conducted immediately after three months. This has not happened in the 2012 LLG elections because of lack of resources. That election was conducted a year later in 2013. The 2017 LLG Elections was a similar case. It was conducted two years later in 2019. Hence, you will find that ward members are serving less term than they were legally obliged to serve, which is for five years. This has been creating a lot of problems.

My department is looking at writing down a Cabinet submission to carefully look at this issue and how we can structure these two elections, so that when the National Government goes for elections, the LLG is still operational. We are looking at amending the legislations that will give effect to this so that LLG and ward members can serve their full term of five years when they are elected.

Next year, after the LLG elections are conducted, we will look at amending the legislations.

**04/06**

In that way, 11<sup>th</sup> Parliament would then amend necessary legislation because amending legislation also includes constitutional amendments. It would be very stringent and time consuming as it requires three sittings of Parliament for such to be passed. So that is the reason why we are looking at amending as early as possible so that the national and local level government (LLG) elections are given a fair support.

Thank you.

### **Supplementary Question**

#### **Explain Election Process – LLG Presidents**

**Mr EREMAN TOBAINING JUNIOR** – Thank you, Mr Assistant Speaker. Can the Minister explain and clarify the elections process for ward members and the presidents to this Honourable House and the people of this country? Can he also clarify whether people will be electing the presidents or are they elected by the ward members?

Thank you.

**Mr SOROI EOE** – Thank you Mr Assistant Speaker. I thank the good Member for Kokopo for these very important questions because these issues are in the minds of our people. Up until now, the practice is that, the ward members elect their presidents and that is an ongoing issue. There are good and bad sides that allow our people to elect the presidents when LLG elections are carried out. Again, cost factor is an issue but this is something that Government caucus has been looking at and my department has also looked at more closely, especially how to progress this very important issue. We want the discussion to be open and elected leader's and Member's input must be taken into consideration before we can give options to the government and that should be the way to go.

I did mention in the Government caucus about Governors' Conference for the first time starting next year. I would like to discuss whole host of election issues for; local level government, provincial governments and National Government as to how we can go forward. There are lots of suggestions that have come forward and I'm pleased to announce that my office will be coordinating any suggestions and ideas so that we can get it ready for the governor's conference.

I think, in my absence last week, the Governor of Morobe had asked a question about governor's conference and I thank the Prime Minister for answering those questions. Yes, I

concur with that because that would be one of the outcomes of Governors' Conference as to how we can move forward in terms of organising ourselves to move forward.

Provincial governments are very important systems of government as well as LLGs and as time passes, we need to review our structures and institutions. This is one way we can look at it and see how we can improve government system at provincial and LLG so that we can best deliver to our people.

Thank you.

### **Supplementary Question**

#### **Votes of No Confidence – LLG Presidents**

**Mr SIMON KAIWI** – Thank you, Mr Assistant Speaker. In line with what the Honourable Member for Jimi raised recently, last month I had my first PEC meeting and all the council presidents attended the meeting which is required.

**05/06**

**Mr Peter Isoaimo** – Point of Order! Can the Member clarify as to which of the meetings is he referring to because PEC is the Provincial Executive Council comprising of the Governor and the presidents and members of Parliament who are appointed to PEC Provincial Assembly includes every one of us, all members of Parliament as well as the president. We are getting ourselves confused and so public servants are even confusing us more. Thank you, Mr Assistant Speaker.

**Mr ASSISTANT SPEAKER** – Member for Kairuku, your point of order is out of order. Governor of Jiwaka, continue with your line of questions.

**Mr PETER ISOAIMO** – Mr Assistant Speaker, that is the structural rule of the Government, you don't vote out any body in PEC, that is the bureaucratic rule. It is one Governors, bureaucratic rule to appoint any one.

**Mr ASSISTANT SPEAKER** – Member for Kairuku, resume your seat. Governor of Jiwaka, continue with your questions and the Minister will respond.

Member for Kairuku, the Governor will continue to ask his question and the Minister will respond and that should also answer your point of order.

**Mr SIMON KAIWI** – Thank you, Mr Assistant Speaker. My question is very short. I am trying to explain what had happened before asking the question so this House can be aware of what is happening in my province and could be happening in your provinces as well.

There was vote of no confidence against the sitting president and was voted out by the majority of the councilors. So, I had to convene a meeting the next day and I had an issue where I had to accept the sitting member president to come into the meeting or allow the new one to be sworn in. So that's the problem I had, but the issue here I want to raise is with the vote of no confidence done by the council members themselves and voted the sitting president out. Now is this practice provided in the law and can that be entertained at the LLG level or is it not allowed by law?

Mr Minister, can you answer this question and then we can see where we are because a lot of the council members in each of the respective LLGs are camping and using a lot of resources to show their disappointment in the unseating of the current president. This is what's happening in Jiwaka right now as the member for Jimi has alluded to. That is why I would like some clarity on the vote of no confidence and in my case, I literally have two presidents from one LLG as I speak.

**06/06**

I think it's important that we can ask questions so, we get clarity on issues that are confronting our provinces and LLGs. If I can answer questions otherwise, I will have to seek advice from my department. Immediately after general election we are experiencing vote of no confidence against council presidents, especially in the case where vacancies occur.

In your case, it's somewhat similar in my view, if there is a vacancy then the voting in of new president is obviously legal. But in the case of vote of no confidence against the sitting president, I need to seek advice on that particular case and the laws surrounding it.

The vote of no confidence is a normal practice in the democracy that we have inherited. So, whether we like it or not, it happens in politics. But to support the Governor, I will check with my officers and then advise you in writing so that your mind is put at ease.

Similarly, the Member for Jimi has raised the same issue and I will also check with my officers as to what they are doing on the ground. If they are doing their job, they will need to



explain to me. If it is politically motivated, I need to know why they are entertaining those issues on the ground.

We need to have harmony on the ground. We need to have governments operating without having to fight amongst themselves. We are an important arm of government, and we need to deliver to our people.

Thank you, Mr Assistant Speaker.

### **Rabaul Town Moratorium**

**Mr GRAHAM RUMET** – Thank you, Mr Assistant Speaker. First of all I want to thank the people of Rabaul for having the trust and confidence in me to represent them in this 11<sup>th</sup> Parliament.

Mr Assistant Speaker, I direct my questions to the Honourable Prime Minister, James Marape.

Mr Assistant Speaker, since the 1994 Rabaul volcanic eruptions, a moratorium was made to freeze development in Rabaul town and it still proclaims to be an active NEC decision to date.

Mr Assistant Speaker, my plans to rebuild this once iconic town under the leadership of our good Governor Honourable Michael Marum, the Rabaul Business Council, and the business community, there is a question of legality due to this moratorium. I envision promoting development through the free trade zone concept by setting a benchmark for plan investments, projects within the town to draw in foreign investments with tourism being the primary focus.

Mr Assistant Speaker, I have the eminent Simpsons Harbor that is by far under-utilized. A tourism hub that needs facelift and agriculture base economy that is weakened by simple lack of attention to details.

Mr Assistant Speaker, according to East New Britain Tourism Authority, Rabaul town has received three cruise ships since 09<sup>th</sup> September 2022. Well over 7,000 tourists received within two months.

Mr Assistant Speaker, Rabaul town has a deteriorating road system within the water front and lacks basic essential tourist amenities for that matter. The anticipated economic return is incredibly high and needs serious attention. Development plans for this town and sector are underway, however, how long will this moratorium drive our foreign and national investors away from this once iconic town?

The Honourable Prime Minister please clarify if there is an existing NEC decision for the Rabaul Town Moratorium under *Disaster Management Act Framework*.

**07/06**

If there is, could you please take any terms of reference for the duration of this moratorium and possibly lift the moratorium?

**Mr JAMES MARAPE** - Thank you, Mr Assistant Speaker, I wish to acknowledge, your presence in the Chair. I wish to congratulate you on taking the Chair this morning as Assistant Speaker and I wish to also convey my congratulations for your election as the Member for Goilala.

Congratulations again to the Member for Rabaul for his election to the seat in Rabaul. In reference to your question to the moratorium hindering further developments in Rabaul in respect to the volcanic disaster in 1994. I want to assure the people of Rabaul, through your member that we will look at the conditions surrounding the moratorium with the view of uplifting it but that will be subject to investigations on what is happening around the disaster-prone area.

And whilst the moratorium was in place nothing much has happened in and around Rabaul. My government will take it up ourselves to go and investigate and assess the situation on the ground and in the remaining days of this year and early next year we should report back to you and this Parliament. We can then restore Rabaul back to what it was before; in terms of development, work and others.

Over 7,000 tourists have visited Rabaul in the last couple of months, there is potential for tourism in East New Britain. The last time I was there, I counted over 20 ships berthed at the Simpson Harbour. This is a port that is lying idle now and thank you, Member for raising this issue for the first time in Parliament. We will have a review and make an assessment, if it is safe enough, we should lift the moratorium and open the Rabaul area for business.

### **Madang Provincial Administration**

**Mr ROBERT NAGURI** - My question is directed to the Minister for Public Service, and is in regards to the Madang Provincial Administration. Some of us might understand that in the last government, the Madang Provincial Administration has gone through some very

rough times. We had seven acting provincial administrators appointed. On the eve of the recent general elections, we had only one permanent appointment.

Straight after the General Elections he was again arrested for some misappropriation charges. The PEC has convened and submitted few names to the Public Service Commission for their deliberation.

Mr Minister, can you put to rest this issue as the people of Madang are confused as to what is happening in the provincial administration's public service not functioning well. The finances of the province are not very good and for us the Members of Parliament, we would like to make a new start with a new governor but we still have this issue of the provincial administration, not functioning.

Mr Assistant Speaker, through you, can the Minister explain to the people of Madang and to this House what is happening to that appointment?

**Mr JOE SUNGI** - Thank you, Mr Assistant Speaker, and I would like to thank the good Member for Bogia, for his question in regards to the current situation surrounding the position of the Madang provincial administrator.

Before I go on, I would like to convey my congratulation to the new elected Member for Goilala and also now presiding today as the Assistant Speaker. I also extend this remark to the Member for Bogia for being elected for the second time. Thank you also to the people of Bogia for re-electing him.

**08/06**

Mr Assistant Speaker, the situation for Madang Provincial Administrator is now with the Public Service Commission for their clearance. The PCS has rightfully put it himself that PSC has sent three names but the normal process for disciplinary charges for any departmental head has the terms and conditions that must be followed.

There are two different scenarios; the first one is when a departmental head's term of employment expires, the position is advertised and therefore the process for acting appointment can be done immediately. The second scenario is when an office holder goes through disciplinary process. The disciplinary process must be completed before any acting appointment is done.

For the case of the Madang provincial administrator – the substantive position holder, he was charged by police in relation to his duty and therefore he had to be suspended. His

case must go through the Public Service Commission for clearance and then it will end up in NEC.

Members of Parliament and the public must know that NEC is the only appointing authority and the only authority that will deal with disciplinary matters for all departmental heads including provincial administrators.

So, for this case in Madang, all the documents have been done. Madang Provincial Executive Council has already done its part. I would like to commend the new Governor of Madang for processing the requirements under the law for the PEC to send three names which are now with the Public Service Commission. But at the same time, they must clear the disciplinary matter of the substantive holder of the provincial administrator of Madang.

The Public Service Commissioner is a constitutional office holder and cannot be influenced by me as the Minister for Public Service. They have their own processes that they must follow so that they remain independent.

So once the clearance comes through, we have to deal with the matter. I will bring the matter to NEC to discipline the substantive holder if there are grounds to discipline.

This will then give way for the appointment of the acting provincial administrator so he can also have the powers to manage finance in the Madang Provincial administration. I think that is sufficient enough to explain the process so far.

So, I am doing all my best to get the response from Public Service Commission and then will bring it for your information.

Mr Assistant Speaker, the skeleton submission is prepared by my department waiting for PSC clearance. Thank you, Mr Assistant Speaker.

**Mr FRANCIS ALUA** – Thank you, Mr Assistant Speaker. My question is directed to the Minister for Information and Communication Technology. Before I raise my question, since it is my first time to speak in this Honourable House, I take this opportunity to thank my people of Salt Nomane-Karimui for giving me the mandate to represent them on the Floor of Parliament.

**Mr ASSISTANT SPEAKER** – Honourable Member, the Minister is not present.

### **Negative Portrayal by Newspapers**

**Mr FRANCIS ALUA** – Mr Assistant Speaker, the Prime Minister is the Chief of all ministers so I direct my question to the Honourable Prime Minister. As we have read over the last couple of days in the print media both the *Post Courier* and *The National* have been having a field day running very negative stories on their front headlines about the law and order situation in this country.

One instance that stands out is the publication of graphic photos of people being beheaded somewhere in Madang. It is not somewhere in the third or fourth page, it was on the front page of both papers. There were other stories pertaining to law and order and crime in this country.

**09/06**

Mr Assistant Speaker, if you note the media is a very powerful tool and the way they are flying their trade is portraying a very bad perception about this Government. They are portraying to the people of this country and the whole world that we are not managing our law and order situations.

Some people would say that the *Constitution* does provide for freedom of speech, information and expression. I understand that being a lawyer myself, I know that the right to freedom of expression is a qualified right and it's not absolute. The exercise of that right is subject to the other rights provided for in the *Constitution*. As a responsible Government, if we don't address this issue, it has the potential to create more problems going forward.

My question to the Prime Minister is; is the Government taking any measures to address this issue? If we don't then we are destined for more problems, the way I see it.

**Mr JAMES MARAPE** – Mr Assistant Speaker, I thank the Member for Karamui-Nomane and I appreciate the good question raised, and also congratulate him for his election into office. He is asking a question for the first time on the Floor, and not only on the good question but for his election into office which brings into our current stock of parliamentarian's depth exposure, wisdom and I really appreciate his presence.

His question is important regarding our media companies in this country. Whilst they have the total freedom to write, print, sell or disseminate information to our country and the world out there, they must also appreciate and take some responsibilities. When you look at

Sydney, more crimes are taking place there or other parts of Australia or even around the world but the newspapers don't run front page headlines on these issues.

It is important that there must be some sense of responsibility from our media. We don't stop you from running the stories but give out some good stories once in a while. If you continue on painting negative image for our country, then it doesn't help in the area of business.

Therefore, going forward we are looking at some of these areas of media and journalism accountability to be stepped up. You must write stories with your name attached in the bylines. We are also considering defamation penalties if someone is defamed.

Early next year some of these laws proposed will come before Parliament in terms of defamation charges and penalties in terms of media accountability to correct reporting and not based on hear says.

It's not just on the formal media but also on the social media platforms. They are being addressed so that the spinner of information is actually spinning correct information in society and not fabricated, fake, false or infringes that can carry greater fate.

These are some of the areas we are looking at to make factual information being disseminated in public space. We are taking stock of this matter. Freedom of speech is a qualified right which the person holding the pen has. So, one must write facts, truth and actual things happening in society and not based on hearsay or rumors.

And to our two main print medias who have daily headlines, we don't intend to impinge on your right of editorial in the cover you have every day, but however, have some sense of responsibility to our nation. You can run these stories but run them behind cover probably on second or third pages. There are enough good stories around.

For instances, 7 000 tourists visited Rabaul for goodness's sake, these are good stories to cover instead of continually painting negative. We all live in one house called PNG. Therefore, this house cannot be destroyed but strengthened. We don't intend to dilute the role of media but ask the media to have a fair responsibility to the country they make the money from.

Thank you.

10/06

### **Education Reform Program**

**Mr NOAH KOOL** – Thank you, Mr Assistant Speaker. I would like to direct my series of questions to the Minister for Education and it is regard to the 1,6,6 Education Reform in Papua New Guinea.

Mr Assistant Speaker, we know that education is one of the key factors that improve human capital productivity and the standard of living. In Chimbu, we say,” Education is our Future” because my province has no gold, oil, copper, or gas so education is our only resource.

We must be cautious in making reforms in education, especially with the 1,6,6 systems for Papua New Guinea because when we introduce this reform, we will have to build more infrastructure in the high schools and early childhood schools.

My questions are;

(1) When will this program be rolled out to all the provinces, phasing out the elementary schools?

(2) What is the budget allocated for this program as far as training and infrastructure is concerned? We must not do things on an adhoc basis but we must do things with a budget

(3) If there is no budget allocated to this program, how will the TFF program be accommodated in this reform?

Thank you, Mr Assistant Speaker.

**Mr JIMMY UGURO** – Thank you, Mr Assistant Speaker, and I thank the Governor for Chimbu for the very good questions.

Firstly, before I answer the question, I thank the Marape/Rosso Government for putting weight into education since they formed the Government. I am proud to inform our people that your government is committed to supporting education in all sectors throughout the country. Also, thank the Government for supporting education through this 2023 Budget and making education a major focal point of development. On behalf of the Department of Education, teachers, and boards of management, I thank the Government for supporting education by paying school fees, project fees, and many more.

The introduction of the 1,6,6 program is a government decision that was made in 2016 by the last government and we have continued that program. We are now implementing the

Standard Base Curriculum (SBC) program and it has replaced OBE. This was a decision made in 2016 and the 1,6,6 program should have been implemented by 2018.

Currently, all schools throughout the country are implementing this program as education is everyone's business so all provincial governments, districts, LLGs, and all our stakeholders including the donor agencies, and our development partners. This is the call by the Government to make sure we implement the 1,6,6 program.

What does the 1,6,6 program mean? It means that all the Elementary Prep will be now considered as Early Childhood Care and all the elementary grades 1 and 2 will be included in the Primary schools and grades 7s and 8s be pushed up to high schools. So, we have 1 for elementary prep, 6 for grades 1 to 6, and 6 for grades 7 to 12; that is the meaning of 1,6,6.

## **11/06**

The National Government is struggling to phase out all these programs, in terms of budgetary process. We are now calling on all the provincial governments and districts to take education as a priority. Do not blame the Minister or depend on the Education Department, it is our duty to make sure that our children are educated. The Governor is in the right position to make decisions for his province and to give priority to education.

In regards to the GTFS, the school fee subsidy that we roll out in schools, there is a program called SLIP, and that is run by the school administration, board of management and the community. These are infrastructures that you need to identify and make sure that there are paths into these infrastructure programs that need to be prioritised.

The board of management, education authorities and governors must make sure that this is seen to be transparent by all school administrators and board of management. Sometime ago, I said in the media that school accounts must not be an ATM for the school board of management and the school administrator so that we use the money wisely.

Your government is committed and is funding money to the schools to be used wisely. Do not get the schools money and go and gamble or pay bride price. The money must be used for infrastructural development for teaching and learning.

Members of Parliament and the governors, the change is in your hands. Do not wait for the education minister, your government has already pumped the money to your districts. Use that to make schools a conducive learning environment.

Thank you, Mr Assistant Speaker.



**Mr ASSISTANT SPEAKER** – Honourable members, Question Time has lapsed.

**DEPARTMENT OF EDUCATION – 2021 ANNUAL REPORT –  
MINISTERIAL STATEMENT –MOTION TO TAKE NOTE OF PAPER**

**Mr JIMMY UGURO** (Usino-Bundi – Minister for Education) – Mr Assistant Speaker, as required by *Section 20* of the *Education Act 1983*, I am pleased to present to this Honourable House the 2021 Annual Report for the Education Department. The 2021 Annual Report informs this Parliament of its performances, achievements and challenges faced in 2021.

Mr Assistant Speaker, since this Government took office in 2019 to the present, this Government continues to have education as a priority by investing heavily in this sector.

We have introduced the Government Tuition Fee Subsidy (GTFS) policy followed by complete exit of the outcome-based education (OBE) replacing with standard-based curriculum, teacher training, procuring and supplying science equipment and mathematics kits, getting schools of excellence off the ground, to name some.

We have without any shadow of doubt, ensured tangibly that the future needs and aspirations of our people are realised through such heavy investment under the leadership of Honourable James Marape. I will highlight some specific achievements made and challenges faced with each one of them later in my statement.

Mr Assistant Speaker, at this juncture, I wish to state that at every age and in every land, the power and authority of education have been recognised.

**12/06**

South African President Nelson Mandela said: ‘Education is the most powerful weapon which you can use to change the world’.

It is not a mistake then that education or learning is set at the number one goal of this country in the preamble to the *National Constitution*. We have set ourselves a goal to get rid of ignorance in every form in order that we can shine forth in every way as a fully-grown and organized human being, we call it integral human development.

Mr Assistant Speaker, our Prime Minister Honourable James Marape in his inaugural address to Parliament on August 9, made a pledge to ensure that every PNG child is educated to Grade 12 level by 2027

He said each child must receive a quality education. He said we must utilize digital technology in our education system.

The Prime Minister directed us to integrate Flexible Open Distance Education or FODE into the formal education system and to remove all obstacles so that a clear pathway is made for students coming from this branch of education to progress into the tertiary sector. In 2021, we have increased our enrolments in FODE from 30,000 to 55,000. He called for us to expand teachers' colleges and technical colleges to double their intake.

He said, all our schools must teach business and commerce so that there is a direct link between our education system and the micro, small, and medium enterprises in this country.

The Prime Minister said, we must partner with the PNG Defense Force and the National Volunteer Service so that our school leavers at every level can be picked up and trained in these sectors for useful engagement in society.

These directions from our Prime Minister now become our command in the education ministry and the Department of Education. These are dovetailed with the NEP 2020 to 2029.

We have further structured the Prime Minister's directions into two overarching goals in education.

These are:

- (1) To ensure every child is educated to Grade 12 by 2027; and
- (2) To ensure every child going through this system receives topmost and quality education.

Mr Assistant Speaker, these are not mere statements of intention. These goals are work in progress.

In summary, to buttress our government's twin goals to improve access to education to Grade 12 by 2027, and to deliver quality education, Papua New Guinea will do the following with the full participation of every province and district. Provinces and districts must take the front seat and lead. We have a very decentralized education system; you own and operate the schools, whilst my portfolio and department are responsible for policy and standards.

Mr Assistant Speaker, to ensure we start education in early childhood and give a solid 13 years from prep education to grade 12 at government cost by 2027, I call each province

and district to eliminate drop out at grade 8 in 2025 and phase out drop out in grade 10 in 2027. We aim for 'No drop outs' in Papua New Guinea by 2027. This is a must.

Mr Assistant Speaker, this is possible by undertaking the following by all of us in this term of Parliament, by:

### **13/06**

(1) We taking ownership. I ask that provinces primarily take responsibility of High schools (Grade 7 to 12) and Vocational Technical Colleges and districts focused on preschools (elementary) primary Prep to grade 6;

(2) We convert all high schools to secondary schools taking - Grade 7 to 12.

(3) We prepare to support and endorse all high schools with Grade 7 to 10 to take up Grade 11 and 12;

(4) We build more classrooms and schools to increase access and reduce class sizes. Based on our projections, we propose that we build 2,243 classrooms by 2027. Or in other words, every district must build one high school each year for the next five years, or add two new classes to existing schools'- grade 9 to 12 each year; and

(5) We collaborate to have FODE introduced in every high school and vocational training centre.

Mr Assistant Speaker, I further call for us to;

- Provide one textbook per child (this can include provision of e-copy on tablets);
- In collaboration with DHERST train more and quality teachers;
- Increase school inspectors to schools and teachers by the accommodation in every district;

- Provide every school access to electronic education;
- Ensure all schools have a School Learning Improvement Plan (SLIP) program,
- We increase our budget to education at all levels to 20% of our budgets every year;
- We hold every school to account for public funds we invest in schools; and
- Ensure that teacher attendance at school and in classroom is mandatory. Amongst others.

Mr Assistant Speaker, at this point, I should like to also briefly outline some major work undertaken by the Department of Education in 2021.

In response to the COVID-19 Pandemic, the Ministry of Education immediately developed the Education Emergency Response and Recovery Plan (known as EERRP).

Under this and in partnership with Global Partners for Education (GPE) and the Government of Australia, we have introduced a My PNG Home Page with digital learning contents and developed Home Learning Packages to support students' learning at home.

I would like to place our special appreciation to the Global Partners for Education (GPE) and the Government of Australia for their timely and generous financial contributions to our COVID-19 response efforts in education.

We will continue to pursue these innovative initiatives to make them more sustainable and systematic so that Papua New Guinean children can continue learning from wherever they are.

Each new Member of Parliament has been given a tablet during induction week and others will receive theirs soon which contains our education policies and plans and other pertinent information. The tablets we issue to our teachers and students are similar and the contents are tailored towards learning. I urge MPs to purchase these using DSIP for your schools.

The Government Tuition Fee Subsidy Program, known as GTFS, has continued despite the COVID induced financial shortage and this has relieved a lot of parents. This policy is giving opportunities for every child to come to school and remain in school, and for us to leave no child behind. This continues under the Marape Government into the future.

Mr. Assistant Speaker, furthermore, the Government of PNG re-launched the Behaviour Management Policy to tackle the issue of violence in school and focus on well-being of students and teachers.

## **14/06**

Our ICT policy is focused on enabling us to excel in digital information so that each graduate in the future is fully converted with the information technology and its functions and their application to advance themselves and society. Our SBC ICT curriculum for students from Prep to Grade 12 is being developed.

In 2021, Mr Assistant Speaker, we have transferred post -secondary institutions to the Ministry of Higher Education, Research, Science and Technology. We have started the establishment of Jiwaka and Sir Max David Technical Colleges and will hand over to the High Education in 2023.

We have reviewed the Department of Education's functions and its organizational structure and will in 2022 restructure the department so that the department functions more effectively in delivering services.

We are in the process of transferring other functions to provincial governments that have functioning education boards, such as the National Capital District. The Department of Education ICT network is connected to all the 22 provinces including AROB. Payroll services have been established in all except Hela, Jiwaka and Gulf. GTFS has been decentralized to six provinces including AROB in 2022.

The review of *Education Act 1983*, Mr Assistant Speaker, was completed in 2021. Our Education Bill 2022, will be brought to Parliament soon.

All secondary schools will offer quality FODE to all students and Higher Education takes charge of teacher training. A few provinces are leading including SHP. We have built a Provincial FODE headquarter in Mendi in 2021 and will do the same in a few other provinces.

In the area of quality education (goal 2) the Department of Education has developed a national curriculum standards framework over the last seven years with emphasis on four subjects; CVVE, Ethics, Christian and Civics Education and developing ICT and financial literacy packages.

We have also phased out Elementary Education and have a new school's structure in place as from 2018 and have placed emphasis upon English as the language of instruction at all schools' levels throughout the country.

The Department of Education has restored and improved integrity to the examination system and ended malpractices and exams cheating since 2016. We had no official incident of cheating in 2021.

In the interest of quality education, we have realigned and unified the contents of FODE and the general education curriculum. Work is in progress for a single examination at Grade 12.

In addition, we are progressing well with our National Schools of Excellence or what we call STEM education. I will give a separate statement to Parliament on the National Schools of Excellence at a later date.

Mr Assistant Speaker, our education plan also dovetails well into the global United Nations Sustainable Development Goal 4 which emphasizes Education. We are leading with other agencies to develop our first ever education Sector Plan.

Mr Assistant Speaker, I am happy to inform the House that much of these are not mere plans on the drawing board, and I have tasked every province at the recent Kavieng Senior Education Officers Conference, to leave the routine and think outside the box and get the job done.

Mr Assistant Speaker, to conclude, we face challenges in all that we have undertaken, but every child is calling and demanding you and I to give them their rights, every child deserves to complete grade 12 by 2027.

The Marape Government is committed to transforming education and to enabling all stakeholders and improving connectivity with all partners in order to make education of our children our number one business.

**15/06**

Let us make education for all of our business and leave no child behind.

Mr Assistant Speaker, I commend this Report to Parliament.

**Mr LUTHER WENGE** (Morobe) – I move –

That Parliament take note of the paper.

Thank you, Mr Assistant Speaker for giving me the opportunity to speak. I would also like thank the Minister for Education for presenting the ministerial statement and the 2021 Annual Report to Parliament for its deliberation and so that members of Parliament can assist the Minister to implement his undertakings in this sector within the country and within our electorates from which we were mandated.

I would like to inform this Parliament that 80 per cent of Papua New Guineans reside in the rural areas; separated by mountains, rivers and the sea. They are isolated from the city. Some dwell along the pockets of the mountains. And even today, this lifestyle is still maintained. There are roads leading to our villages, there are jetties and wharves but that is not sufficient to reach all our people.

The Assistant Speaker knows his electorate. I have flown over his electorate using a helicopter and I felt sorry for the people because there were no roads. The people are separated by the mountains and that is how they chose to live. There are similar situations in the Highlands and East Sepik. Some people from these rural areas migrate to the big city in

search of education, good health, employment and business purposes. Yet, their financial situation does not change. But the children keep coming. We keep producing children.

Mr Assistant Speaker, you heard my response to the Health Minister's statement last time. I said, 'parents are blindly producing children without planning for their future.' Our desires overcome us and we bring children into this world without having considerations for their future. We are now struggling. Parents are now seeking assistance from members of Parliament to pay for their children's school fees.

**16/06**

Mr Assistant Speaker, the Members of Parliament are having a very hard time because, once elected into Parliament; the people have put high expectations on them to pay school fees and other personal obligations. Many of you will agree that we do not have money to attend to personal voter expectations.

Our country is facing a very difficult time with an average income per capita, per person or household is very low. Yet we have an increased population where we have to cater for basic needs. We do not have the right to delay a child's intellectual growth and let them skip school until we are able to afford the fees.

Before you know it the child will be too old to go to school and this can contribute to a lot of psychological and social stigmatisation which is not good for a child or children. I wish to thank our current Prime Minister and also our Former Prime Minister Mr Peter O'Neill for recognising the needs of our people by investing in education.

I am aware of the hardships of our people, I have lived in the settlements and village and I know the struggles people face daily, and most importantly I based my trust and hope in the Word of God, and I stand firm on his word which says, '*before you were born, I knew you.*'. so, when you are here be what God chose you to be.

Mr Assistant Speaker, I thank the Prime Minister and the Minister for subsidizing Education, which is a very thoughtful thing to do and I would like to sincerely acknowledge from the bottom of my heart and say I appreciate this kind gesture.

Not everyone is a businessman or well off; it depends on how we carry ourselves and sustain our livelihoods that will see us prosper. My status now as MP will not guarantee I have everything till the end. What happens when my term expires? Thank you to this government you have lifted the burden of many of our people. The 100 per cent school fee subsidy from elementary through to grade 12 is a huge blessing for this country.

I am happy for those children who will be enrolled for the first time and those who will be ending their year of education, in the universities and colleges. This is the way forward for this country. This is not Australia or England where everyone has money. We are still a long way away so I would like to remind us with a quote from Nelson Mandela who was the hope for his people. 'The Key to building powerful homes, people and country is through education. Education holds the key to a nation's prosperity.

Thank you, Marape/Rosso Government for your policy. This was my campaign strategy that has put me here today. I campaigned for free education for all. While I strongly believed in this strategy, I was bit uncertain but the government has answered and for that I am grateful.

To be honest if this government did not live up to the Free Education Policy, I would have lived up to my promise and provided a free education for my people of Morobe Province.

**17/06**

Mr Assistant Speaker, you are not immune to the hardships that our people face; your people of Goilala also face some of the most difficult situations due to the rugged terrains.

How can they bring their coffee bags or agricultural crops to the nearest market? If these mountains were built by men, I would have cursed at it but these are Gods creations and therefore I am afraid. But the Government has answered the people's pleas and I am so happy about that. I am also very happy with the Government's policy on compulsory free education. I am happy with the systems and level for education that you have created but all of these things will cost money. That is why addressing the financial aspect is very important. We want to become powerful but we can only achieve that through education. Education has made it possible for Americans to send the rocket to space. They learnt through education. Maybe one day we can be like them, that is possible, and we can achieve it. Who thinks that it is impossible? No way, God has created us equally in terms of knowledge. We are all synchronized in our communication systems.

In the past, the Americans and England's boasted about their intelligence but their invention of the computer and technology has levelled the playing field with third-world countries. They are accessible, there is nowhere to hide. I have visited America. I even visited President Joe Biden. I won't tell you what I went through, but I have gone there.



*(Laughter -in-the-Chamber)*

**Mr LUTHER WENGE** – The technology is there. We cannot hide. I have seen the Queen in her Palace in Birmingham. They created technology for their advancement but technology also created equal opportunity for us all. Thank God for technology. And this is all through education. So the Minister for Education, I want to support your plans for the school of excellence, that is the way forward.

In the past, if you had excellent grades, you were selected straight from high school to University. I was selected at Dregahaffen High school to attend university after scoring all distinctions. That's how I became a lawyer and a member of Parliament. It is because of education.

Mr Assistant Speaker, the Minister must promote the school of excellence. It is a very good idea. I understand you have created a School of Excellence in Wawin and you have my utmost support. I am there. I delivered K200, 000 worth of computers recently. I don't want to just talk; I walk the talk.

Mr Assistant Speaker, so that is going to happen. Finally, and last of all, in relation to the quality of education. The quality of the English language has dropped in PNG. The English language is the world's universal language of communication. There are languages such as French but the English Language surpasses them all.

Therefore, I ask you to communicate with the embassies of Australia, Britain and Canada to have more volunteers teaching in our schools. Let's engage volunteers of competent character and qualifications.

Mr Speaker, that is why I would like to encourage the Minister to engage more English teachers in high schools and secondary schools. I learnt good English from the volunteers who taught us at Dregahaffen High School. I did not learn it from the University of Papua New Guinea. Not at all. There were 19 teachers and 15 of them were foreigners who taught as volunteers and they taught us English. That is why I speak good English. I am not boasting about myself.

*(Laughter-in-the-Chamber)*

**18/06**

**Mr LUTHER WENGE** – This is because of the English teachers. I want the Minister for Education to go and recruit English teachers from Australia, New Zealand and United Kingdom. Provide them security and a good pay package so that they will be happy to teach in our high schools.

If we do this, our standard of English will be the same as the Australians in the next 10 to 20 years. You can only beat them if you speak your vernacular language. If you try to communicate with a foreigner and your English is poor, they will question your intelligence. If you speak the English language just as any other foreigner, you have exhibited your intelligence through the English language.

Mr Minister, please bring in more teachers. It does not have to be only English teachers, bring in Science and Mathematics teachers as well to improve the quality of students in high schools and secondary schools.

Mr Assistant Speaker, to conclude, we need quality teachers. If you want to produce quality students, you must have quality teachers. If the teachers have diplomas, they need to get degrees. If they have degrees, they need to get masters and PHDs.

When I went to America to check if I can recruit teachers to come and teach at the Lutheran University, I met young intellects with masters and PHDs who were willing to come and teach in our elementary schools. They did not ask to teach students in university or high schools.

In America, they address me as the Lord Governor. I was scared when they address me like that. The degree and masters' holders were asking me if there are vacancies for elementary schools. I was blown away because we have people that only completed grade six and 10 teaching in our elementary schools. There are teachers out there who are more qualified and are willing to come and provide their services on a voluntarily basis.

They don't want to do it for the money but to help this country. Together in education, this world will become powerful. It is already a world of dependency. If we are highly qualified in the third world, we can provide human resources to the developed world. They are doing it and we should do it too, only through education.

Thank you, Mr Minister, for your good statement. As the Governor of Morobe, I am willing to help and implement this policy. It is an assailable policy and there is no question about it and we should feel obliged to assist you to implement in whatever ways possible.

Thank you, Mr Assistant Speaker, for allowing me to speak.

**Mr JAMES MARAPE** (Tari-Pori– Prime Minister and Minister for Planning) – Thank you, Mr Assistant Speaker. I will give some statement in support to the Minister. For the last three years, we have not just been talking, as the Opposition thinks that we are not doing anything.

In the education sector, we have brought back 55,000 children, who have been left behind on the side-walk into second-chance learning through the Flexible Open Distance Education (FODE). We have rolled out second-chance education in a big way. I want to urge all our children who have left school, you are not a nobody. You have a place in this country. Go to your districts and ask you district education advisor that you want to continue your high school education through FODE.

The Minister that presented this statement is a product of the FODE system.

**19/06**

He upgraded his Grade 12 marks through FODE and made it to university and then graduated, worked and finally become a politician. We have introduced the FODE pathway and whoever finishes from FODE has the same opportunity to apply to post grade 12 education. That is why we say, “every child in our country must be educated to grade 12.”

I also want to support the Minister’s statement that two years ago, we have started the first batch of specialised high result science students into our school of excellence. This year, we are graduating the first bench from those intakes in 2020 grade 10 exam. The first grade 12 graduates from this stamp courses will graduate today especially, those with high IQ in Math, Science and English like the Governor of Morobe mentioned. From this bench, we will pilot a concept to pick the first 100 students and partner with the PNG Defence and send them to one of the best schools on this earth to become doctors and work in the medical space. The best 100 grade 12 students who set for exam this year from the Science, Math and English will be picked and sponsored to overseas schools to be trained to become specialised medical doctors and medical technicians to come and fill up the positions in our hospitals.

I also want to inform that the school fees from elementary up to university is cared by the National Government. If all of us leaders contribute K2 million each from the PSIP and DSIP, total in a year would be K236 million to improve our infrastructure development in our districts.

Governor of Morobe, I am happy with your speech, education is a default function. If you are at the provincial education advisory board level, our job is to convert all the high

schools into secondary school and hopefully in the next 5 to 10 years, every child after at primary level will enter high school and finish at grade 12 only. I ask our provincial governors to take ownership of your education plan. The district and national level will be on standby to assist us.

Education is a long work, but it is a work that can take us to the destination over happy, healthy, wealthy and satisfied nation that we will reach as mentioned in Vision 2050. If we developed education faithfully, we can get to where we want to be in 20 years' time. What we have today is restlessness in our society. In my view, we can get there and point directly to the failure of our society to embrace the many drop outs of grade 8s,9s and 12s we have in our country.

I just want to appeal to all our leaders that we've started the work in the last three years and it will continue. Education is a living plan. If you are in the district or in the province and if you see that we need to improve, please put in writing and give it to the education minister. We are ready to help progress in education, but good things have started already. We are paying full school fees again this year and going forward. I appeal to the National Government to pay the school fees and support the education and some of the specialist programs. Provinces and districts must take ownership of the infrastructure. To the parents and citizens; the Prime Minister and the government did not advise you to raise kids. If you raise kids, you too must work. Do not just bring up kids and let them roam on the streets.

To conclude, in support of the Minister's speech, I want to ask the parents in this country not to have the mentality that the government will pay all the school fees and you spend all your monies on gambling. You must go to coffee, copra and cocoa garden. In 2024 onwards, we'll start a policy. In 2023, totally free and in 2024 and onwards, parents will produce K10 000 worth of agriculture produce if you don't have job and want us to help your kids school fee. We must make our citizens to work. Do not expect everything for free.

So, I want to ask the parents to put your hands in the ground and produce coffee, copra and cocoa. Don't be lazy around because if you work, you will support your country to have the money to pay for your kid's school fee. Do not ask me how we will make the money. The government has put the price support. Today, coffee's price is about K10 per kilo gram.

**20/06**

If you have ten 50kg bags you will make K5000. That money you will earn is yours but you will support the economy and the Government will subsidise school fees.

I am urging all parents to work hard because the Government will subsidise school fees again next year and beyond. We are giving opportunities for school leavers in Grade 8,10 and 12 to upgrade and create job opportunities here and overseas including Australia and sponsoring Grade 12s through to tertiary institutions.

The Government is doing this, so members and governors we need to make more classrooms in primary and high schools and parents we need to work together in agriculture, tourism, forestry and improve our law and order to fix our country and move our country forward.

Debate (on motion by **Mr James Marape**) adjourned.

**MINISTRY OF STATE ENTERPRISES – STATE OWNED ENTERPRISES  
REFORM PROGRAM – MINISTERIAL STATEMENT –  
MOTION TO TAKE NOTE OF PAPER**

**Mr WILLIAM DUMA** (Hagen - Minister for State Enterprises) - Mr Assistant Speaker, I would like to commence by acknowledging and congratulating the Prime Minister, the Honourable James Marape, Mr Assistant Speaker, the Deputy Prime Minister Honourable John Rosso, fellow Ministers, the Leader of the Opposition, Honourable Joseph Lelang, and each of you my fellow members of this 11<sup>th</sup> Parliament, for being elected by our people to represent them in Parliament.

Mr Assistant Speaker, I would like to record my appreciation to Prime Minister Marape for his unwavering confidence and continuous support in my efforts to improve the performance and profitability of our State-Owned Enterprises ("SOEs"), as the Minister responsible for this portfolio, including Kumul Agriculture Limited, Kumul Petroleum Holdings Limited, and Kumul Minerals Holdings Limited.

Mr Assistant Speaker, we have since 2019 when the Marape Government decided to embark on a very comprehensive SOE reform program, witnessed numerous improvements across a range of measures, from financial audits to company performance. This includes for example, the turn-around of our airline company Air Niugini from crippling losses to

achieving sustainability whilst navigating the turbulent and unprecedented restrictions caused by a global pandemic namely, COVID-19, and the record breaking profit margins delivered by PNG Ports Corporation Ltd.

Mr Assistant Speaker, with our donor partners from the Asian Development Bank, friendly countries such as Australia, Japan, New Zealand, the United States and more recently France, and our other bilateral and multilateral affiliations, the SOE reform program progressed by our own Kumul Consolidated Holdings, centres around high level objectives that encourage financial stability, delivery excellence, robust governance, performance disclosure, transparency, growth and inclusivity

### **Key Reform Programs**

Mr Assistant Speaker, a reform program is a challenging undertaking for any government in any country. Success is based on numerous factors and results are often delivered not immediately but after years of restructuring and recapitalisation. Some of the key reforms achieved since 2019 when the Marape Government took office and endorsed by the Government include:

### **21/06**

(1) Amendments to the enabling legislation within the *Kumul Consolidated Holdings Act* providing greater oversight, improved accountability, disclosure and responsibility.

(2) Establishment of a project capital investment committee to provide additional due diligence to ensure both commercial viability and project effectiveness.

(3) Qualifying and quantifying the value of the community service obligations undertaken by the various SOEs to better understand tariff requirements and accurate cost of capital pricing.

(4) Creation of a Board of Directors through an independent search and merit-based selection process, including gender inclusivity with more than 25 per cent of SOE Boards now comprised of female directors.

(5) Completion of financial audits up to 2021 to ensure accountability and transparency, with effort now being expended to ensure disclaimer notices are cleared so that accurate financial positions of SOEs can be ascertained.

Mr Assistant Speaker, this relates to all our SOEs being up to date and clearance been given by the Auditor General's Office. Things which have never been done before but we have been able to do it and we are up to date 2021.

(6) Merging of Telikom and Bemobile to develop substantial savings and ensuring that only one Bemobile company not two being able to compete against Digicel and others.

(7) Separating PNG DataCo from Kumul Telikom Holdings Limited and establishing an independent wholesale communications company

(8) Merging of Eda Ranu and Water PNG to develop substantial savings and strengthen the balance sheets for future capital development when it comes to providing affordable water sewerage services to our urban and rural areas.

(9) Restructuring and improving Air Niugini and Telikom; resulting in improved operating and financial performance of Air Niugini and positioning Telikom for partial privatization.

(10) Commencement of the ownership restructuring program of Port Moresby Water, part of the Water PNG and Eda Ranu merger.

(11) Settling of significant arrears for services delivered, between the Government and the SOEs.

(12) Establishment of the SOE Board and Management key performance indicator review, to ensure that all involved are accountable for the decisions made by them.

(13) Substantial capital investment projects undertaken by KCH in the energy, communications, and technology sectors.

(14) Progressing partial privatisation for Telikom, National Development Bank/People's Microbank and Air Niugini for capital fund raising and improved performance.

(15) Provisioning of working capital support by KCH to SOEs, during stressed conditions resulting from restrictions imposed by COVID-19.

(16) Commencement of the development of the KCH Property Land Bank Program to repurpose and monetise all the extensive land owns by SOEs right throughout the country and building assets around the country and diversify capital raising.

(17) Securing significant bilateral investment through grant and concessional borrowing, including the K1.5 billion port development upgrade projects from Australia and the K1 billion power sector development project to connect houses to sustainable energy.

(18) Mr Assistant Speaker, continuing the Marape Government's SME financial package to our small businessmen and women through the National Development Bank.

Mr Assistant Speaker, the completion of the various sub-programs of our SOE reform was instrumental in demonstrating compliance with the ADB Policy Based lending facility,

resulting in the drawdown of USD100 million in 2020, USD150 million in 2021, and a further USD250 million for 2022.

Mr Assistant Speaker, concessional lending from Australia was extended as a result of gains made in the name of the 2019 SOE reforms started by the Marape government.

**22/06**

### **Reform Results**

Mr Assistant Speaker, we recognise that we still have substantial work yet to be completed, however, since 2019, the SOE reform program has generated tangible results, and these have been demonstrated in the form of improved service delivery, revenues, profits and dividends as follows: -

(1) Total SOE dividend has increased from K50 million in 2018 to K130 million in 2022;

(2) Consolidated revenue has increased from K3 billion in 2018 to K3.5 billion in 2022;

(3) Consolidated profit/loss after tax has increased by over 200 per cent from a loss in 2018 to a forecasted profit in 2022. This is an amazing achievement despite the impact of COVID-19 restrictions, the volatility of fuel pricing from the War in Ukraine and global inflationary pressures in general;

(4) Air Niugini recorded 43 per cent customer growth compared to last year and this translates to sales exceeding K1.1 billion for 2022 and is profitable for the first time in five years;

(5) NDB loan customers have increased by more than 120 per cent

(6) Telikom customers have increased by 27 per cent compared to last year;

(7) Cargo across major ports in Lae and Motukea have increased an average of six per cent despite a global downturn and logistics challenges from China;

(8) Commencement of the grid electrification upgrade program for Port Moresby and Lae/Ramu - a series of infrastructure development and rehabilitation projects;

(9) Commencement of a comprehensive fuel switch program seeking opportunities to transition from expensive diesel generation, through gas and to more sustainable alternates like hydroelectricity and solar which is in line with the global push for cleaner greener energy;



(10) Commencement of debt restructuring through the establishment of a KCH Debt Management Committee to explore and deliver cashflow savings against existing KCH and SOE debt. This includes the payout of the K250 million PNG Ports Motukea expansion loan; and,

(11) Appointment of SOE Boards of Directors and senior management, independently and on merit through a stringent selection process, noting that 14 per cent of current Board Members are women with a goal to reach 50 per cent by 2030.

Mr Assistant Speaker, as at September 2022, the net value of the assets of SOEs and KCH was K6.1 billion, representing year on year growth of 28 per cent. For the year 2022 the SOEs have projected revenues of K3.5 billion (up 17 per cent in 2021) with PNG Ports, Air Niugini and MVIL being the best performing SOEs. There are 7,100 employees across the nine SOEs, possessing a variety of qualifications and experience. The SOEs are required to deliver competent, effective and accessible services with an appropriate return on investment for our people. As previously indicated, dividend returns to the State have grown year on year to a projected K130 million, for 2022.

Mr Assistant Speaker, at this juncture I would like to indicate that KCH has commenced contributing toward our Sovereign Wealth Fund, designed to support our country's efforts to achieve economic stability and sustainability.

Its dividend of K180 million for the year 2019 has been applied per NEC Decision No. NG29/2019 and a sum of K5.6 million has already been paid to a trust account to be then used as the first deposit in the Sovereign Wealth Fund. This is the first contribution toward this program and is testament of the Marape Government's desire to not only diversify economic drivers, but also encourage a culture of saving to access sustainable fiscal mechanisms. We will be directing dividends from Kumul Petroleum Holdings Limited and Kumul Minerals Holdings Limited to the Sovereign Wealth Fund following KCH's lead.

**23/06**

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Mr Assistant Speaker, this Government is using the proceeds of today's investments to provide surety for our people's future needs.

### **The SOE Challenges**

Mr Assistant Speaker, the challenges we face are both local, requiring public policy solutions, and global, requiring appropriate international public finance solutions and a fairer global ordering – one that encourages countries in strategic positions such as Papua New Guinea, to prosper through market access and enable innovative solutions to tackle unique development challenges. The world itself is grappling with inflation, war, and changing weather patterns which are impacting our country through increased cost of goods and services, and extreme weather

As a consequence of these challenges, we experience poor operating circumstances; an increase in the frequency of blackouts, high nonrevenue earning water position, significant increases in operating costs, flight cancellations, and poor telecommunications connectivity.

Mr Assistant Speaker, these challenges are not insurmountable but they must be met with innovative approaches if we are to succeed comprehensively.

(1) SOEs require targeted sustained capital investment funding to assist in replacement of aging infrastructure and assets. For instance, Air Niugini must undergo a substantial fleet replacement program to future proof the company to meet our changing requirements. A decision will be made very soon to change our old aircrafts.

(2) Community Service Obligations are necessary and must be quantified, contracted, and supported through government subsidies. For instance, PNG Power absorbs K500 million in obligations each year to ensure power is provided across the smaller unprofitable centres. PNG Power has continued to absorb the increased cost to its business, such as fuel, recognising that PNG Power has not benefited from a tariff increase for nearly a decade;

(3) Tariff reform is necessary to support the evolving businesses. The changes to the various sectors and to accurately reflect the true cost of capital. We can no longer rely on fossil fuel-based power generation, but it is presently cheaper than building more sustainable

alternates. Tariffs must be established to favour and incentivise sustainable energy production;

(4) We must instil a culture of project ownership and execution and recognise that competitive advantage is a vital part of our business strategy if SOEs are to become profitable and sustainable;

(5) Projects that are being completed are often substantially over budgeted or delayed by a variety of issues;

(6) SOE debt continues to present challenges to KCH and the General Business Trust. Cash flow pressures are increased due to the excessive cost of borrowing and stressed balance sheets make it difficult to expand the business;

(7) Topographic, demographic, and economic challenges mean that innovative solutions must be sought to provide services. 'One size' will not fit all, in PNG. SOEs must invest in projects that deliver, regardless of the obstacles;

(8) Insufficient monetisation of assets developed due to inadequate skills capacity and resource limitations within SOEs.

## **24/06**

Once infrastructure is developed, it must result in revenue growth so that debt associated with the infrastructure, can be serviced but at a profit.

(1) There are significant opportunities to partner with multilateral and bilateral agencies to develop useful infrastructure and supportive policy. We must ensure that projects are well structured with clear outcomes to ensure delivery is achieved to expectation;

(2) We encourage effective donor coordination and cohesion towards high impact investments in our SOEs particularly addressing water, sanitation and power challenges in our cities and urban towns;

(3) We must create competent service continuity through better resourcing, better risk awareness and management, and strengthen operations through implementation of appropriate plans and capital investment (this is how we avoid blackouts);

(4) We must ensure adequate working capital for SOEs to become self-sufficient. This will ensure that SOEs can meet their creditor obligations in full and in a timely manner.

(5) We need a comprehensive capital works program to see sizeable rehabilitation and replacement of assets, across all SOEs. We recognise the engagement by donor partners with concessional lending and grant facilities.

Mr Assistant Speaker, our SOEs are in the condition they are today, due to a history of poor accountability, poor investment decision making by previous boards and management, challenging operating environments resulting from global pandemics and wars in the Middle East and Ukraine.

Where we have executed initiatives competently and responsibly, we see improved performance figures and service delivery, as demonstrated earlier.

Mr Assistant Speaker, if we want our SOEs to perform effectively and profitably, they must demonstrate they can be self-reliant. Where appropriate, we must continue to invest in them, but we will do so wisely and with greater oversight. We recognise the sovereign obligations they have to nation building, and we will support SOEs to remain sustainable and ensure they appropriately monetise assets being built.

### **The way Forward**

Mr Assistant Speaker, as we look forward, our strategy is to build on the work already completed with continued focus on the turnaround sustainability, drive productivity, improve revenues, reduce cost, and implement debt reduction strategies, to rebuild the value of the General Business Trust. Ultimately, this will lead to improved services for our people and a sustained return on investment for the State.

Mr Assistant Speaker, we have laid the foundation for success in the SOEs through improved governance and capacity building starting in 2019, so that we can execute an aggressive growth strategy through the turning around of the performance of the State-Owned Enterprises, commercialising the under-utilised assets in the balance sheets, and investing in core infrastructure.

Mr Assistant Speaker, as we consider the significant number of projects that our government has successfully negotiated and announced including the Papua LNG project, it is critical that we capitalise on the national content opportunities before us, we must ensure a legacy remains for the benefit of Papua New Guineans, beyond the life of the project construction period. These projects should be major catalysts for sustained economic development and employment growth.

Mr Assistant Speaker, KCH in partnership with the Departments of National Planning and Treasury, have been identifying projects of national significance that will optimise national content, encourage On-shoring of manufacturing opportunities from abroad, and contribute to the development of a dedicated skilled workforce.

Mr Assistant Speaker, we understand the importance of having a balanced investment portfolio to reduce the risk exposure on the General Business Trust. As a result, KCH has embarked on a journey to diversify its investments to reduce its risk exposure in line with its stabilize, invest and grow strategy.

**25/06**

This includes diversifying the investment portfolio into more liquid capital markets with the aim to participate in bond and stock markets where relevant financial instruments, equities, and debt securities are used to invest and grow the General Business Trust.

Mr Assistant Speaker, we continue to develop strategies and associated plans to progress the SOEs to achieve their core objectives of; (1). the delivery of competent, accessible, reliable, and affordable services; and (2). the provision of an appropriate return on investment.

KCH and the SOEs have developed and agreed on a series of strategic objectives that focus on customer growth, delivery excellence, regulatory compliance, and workforce culture, among other key components.

These objectives form the basis of the 'Way forward' for our SOEs;

(1) Employment of formal customer growth strategies and targeted investment programs;

(2) Realigning the KCH SOE procurement system to comply with the amended KCH Act, to ensure greater transparency, accountability, and value for money in all procurement arrangements.

(3) Negotiate a sectoral development program funded by the ADB and other donors, to support projects that encourage incremental revenue growth and improved service levels;

(4) Establish and adopt the KCH SOE PIP coordination and monitoring performance on commercial and developmental investments;

(5) Establishment of the KCH infrastructure Development Committee to maintain oversight of projects of substantial national importance over and above K250 million in value, tasked with ensuring project execution;

(6) Encourage investment diversification including the establishment and development of a Property Portfolio and the "Invest in PNG" program an Industrial Park to facilitate in-

country manufacturing to meet resource project engineering, procurement, and construction requirements, whilst satisfying our project national content obligations;

(7) Continued improvement in financial audits to ensure unqualified audit opinions and continue our commitment to the disclosure of SOE financial performance;

(8) Completion of partial privatization of Telikom retail and mobile access network;

(9) Commencement of the privatization of Air Niugini;

(10) Accelerate KCH and National Planning and Monitoring infrastructure management facility to provide oversight for the rolling out of projects associated with the Public Investment Program;

(11) Continue to monetize assets, including the Fairfax Port Development Project the commercialization of the existing facilities to a major modern commercial, residential, tourism, and public recreation precinct;

(12) Complete the commercialization of the People's MicroBank Limited which will result in a new commercial bank to compete with the existing commercial banks so our people can have access to competitive banking services;

(13) Formalize the SOE Community Service Obligation commitments with Government and agree on funding sources for these uncommercial but essential services;

(14) Working to develop and adopt appropriate legislative and regulatory arrangements for the respective sectors.

(15) Feasibility assessment and construction of over 150 megawatts of sustainable energy generation through mini-hydroelectric power stations and commercial solar farms;

(16) The establishment of a regional aviation training facility for engineering and pilot skills development including state-of-the-art aircraft flight simulators and new hangers; and,

(17) Re-establishment of Telikom Technical College in Lae as a skills-based training technical college for all state-owned enterprises, with an investment of over K100 million in partnership with the University of Technology Lae, Telikom and Department of National Planning.

**26/06**

The Marape Government allocated K200 million in the 2023 National Budget to help SOE deliver on the programs, which I have outlined in this statement.

The government recognises the importance of the SOEs and the role they play in the economic development of our country, and of course more funding from the government for SOEs this year as well.

Mr Assistant Speaker, to conclude, we have navigated through some of the most demanding economic and social times, ever recorded. The fundamentals laid over the past three years when this Government took office back in 2019, will enable us to capitalise on the bright future we have in front of us.

Never have we had so many large-scale projects aimed at improving access to quality health services, education, access to markets - both domestic and international, clean running water, uninterrupted and affordable clean energy and affordable tele-communication services. This is the government that we should all be proud of.

And finally, Mr Assistant Speaker, on behalf of the Party I lead, my Ministry, and my people of Mt Hagen, I would like to thank the Prime Minister, Honourable James Marape and this Government, and of course, the members of this Parliament for your continued services to our SOEs.

May God bless the Marape Government and Papua New Guinea. Thank you, Mr Assistant Speaker.

**Mr SASINDRAN MUTHUVEL** (West New Britain) – I move –

That the Parliament take note of the statement.

Thank you, Mr Assistant Speaker. Let me congratulate the Minister for State Enterprises, Honourable William Duma, for this wonderful positive statement all about the performance of our nine different SOEs.

In the midst of various challenges, he has produced a report in a very little time. I thank the Minister for carrying forward with all those reforms that we were talking about.

Mr Assistant Speaker, when we were talking about reforms, we were not talking about anything big, but basic things like; merit-based appointments, disclosing financial statements, publishing the copyright intent in the beginning of the year, countifying the community obligation projects, as we expect many of our SOEs to perform various community obligation projects.

Mr Assistant Speaker, even our development partners like the Asian Development Bank (ADB), at that time, even agreed to support US\$500 million of funding in three years,

in three different payments, which is equal to almost K3 billion just to do the right thing on a consensual loan, especially for our Budget support.

Mr Assistant Speaker, I thank the Minister for actually securing those funds. If I am not mistaken, we have another US\$250 million to be received from the ADB. And also to invest in much needed aging infrastructure in various SOEs. The majority of funding is meant for our Budget support, but I thank the government for supporting the Minister by allocating certain portion of these amount to support various SOEs.

Mr Assistant Speaker, if we need to talk about every single SOE, it will be a very lengthy presentation. Some of those SOEs are struggling and the Minister is giving his full effort to support, for example, PNG Power. PNG Power is struggling with its financial constraints and technically is also being insolvent.

Mr Assistant Speaker, PNG Power carries various loss-making operations, as the Minister has alluded in his statement. It has almost K500 million worth of operations which needs to be carried out, whether it makes a profit or not.

Mr Assistant Speaker, my province depends on four diesel generators which provides four mega-watt of power. But even that, we are struggling to provide power on a 24/7 basis. If you are getting power for four to five hours, then you are considered lucky.

These are the loss-making operations, not just one but there are many in other provinces as well. For instance, New Ireland needs only two mega-watts of power but it struggles with providing constant supply of power.

Mr Assistant Speaker, I would suggest that, those loss-making operations must be absorbed by our provincial governments which has the capacity. Even out of desperation, we don't know what to do. I started constructing power lines, after 47 years, starting from Kimbe to Bola village, which is about five to six kilometres before Talasea.

**27/06**

And also, towards the Nakanai district, we started from the main road to various remote villages like Silanga, Tarobi and many other places including some connectivity programs.

Mr Assistant Speaker, while we are building this power lines, we thought that the situation of power generation will improve and when PNG Power was facing some challenges, we gave them K1 million to buy another additional generator so that they can put power on our grid. But, unfortunately, that was not the case and I've being ridiculed when people say "you continue to build power lines and where will the power come from".



Mr Assistant Speaker, the Minister rightfully said for KCH to invest in various sustainable power supplies like hydro or solar panels. In West New Britain, we also have some potential hydro facilities, especially in Ru Creek and Lovo Hydro in Biala which is currently producing less than 1.5 mega-watts and has potential of 5 mega-watts of power which can be 100 per cent sustainable. Even in partnership with East New Britain Palm Oil, we can also do the meter and gas plan which also has the potential to generate additional 2 mega-watts of power. But the main challenge is for PNG Power to provide the power and even PNG Power to build it properly for the people so that they can collect revenue.

Mr Assistant Speaker, you won't believe that more than 50 per cent of loss comes from non-revenue water or from the invoices that were not properly invoiced to the people to collect money. The main challenge that arose was that, immediately after the departure of the Malaysian company, we are struggling to come up with the building system where that company used to use. Now, many people have not even received the invoices and we are losing money and we call it as non-revenue waters. So, there are a lot of gaps to fill in which the Minister is rightfully addressing to invest in various sectors and SOEs whereby, trying to address these challenges and just by fixing non-revenue water or uncollected fees, I think, we will immediately see some profit.

Mr Assistant Speaker, I'm glad that PNG Ports is providing a record-level of dividends during my time. You will be surprised to see that PNG Power has not made any money until such time when the current Minister decided to privatise partly the operations of ports in Port Moresby and Lae to just become a landlord to collect a lot of money. In fact, without actually being involved in direct operations, the movement of ships have increased and the cargoes have also increased, the business have increased and PNG Ports is able to collect more revenue by becoming a landlord and will be able to give the government the record-level of dividends to KCH.

Mr Assistant Speaker, I also note from the Minister's statement that, for the first time, the government has made a decision to reserve some money for Sovereign Wealth Fund and Minister has executed it for small amount like K5-K6 million, but that is really a good start. For instance, KCHL has already started and I'm sure Kumul Petroleum and Kumul Minerals Holding will also follow suit. They will do the same thing as KCHL to reserve some funds and bring the saving culture for future use.

Mr Assistant Speaker, I also note that the Minister had made one of the important comments for commercialising our People's Micro Bank. It is one of the best performing

banks though it's under the National Development Bank. It had lots of challenges to fix but Minister's efforts to commercialise the bank should also be supported.

Mr Assistant Speaker, I am one of the longest serving customer of this bank, even though the interest rate is more than 10 to 12 per cent, I still remain faithful to this bank even before I became the Minister for this particular portfolio.

But overall, the Minister has done extremely well in the midst of so many challenges in terms of dealing with our development partners and also keep engaging with our multilateral partners especially our funding agencies like ADB, World Bank, and our four donor countries like Australia, New Zealand, United States and Japan to continue to pursue the dreams of connecting power lines to the length and breadth of our country.

**28/06**

The World Bank and also our four partner countries like Australia, New Zealand, Japan and the United States to continue to pursue the dreams of connecting power lines through the length and breadth of our country and continuously working development partners to bring the much-needed support for various SOEs.

Mr Assistant Speaker, as a Government and one of the major customers of these SOE's we should honor all our commitments. It would be unfair to blame PNG Power or Telikom or any other SOEs when we ourselves do not pay our bills on time. If I'm not mistaken we would be owing them more than K150 or K200 million put together.

I'm sure one of the reforms we aimed at was for our Government to reduce this outstanding and also pay all our bills especially to PNG Power because we cannot blame them when they cannot afford to buy fuel amidst various other challenges like Forex and other issues

Mr Assistant Speaker, this is a wonderful announcement to this Parliament, hearing about all the positive statements from the Minister talking about merit-based appointments, disclosing the financial returns, improving the governance and setting up infrastructure committee for any projects which are more than K250 million each. These are efforts we must really appreciate and support. I'm sure we also support the Minister for privatization.

Mr Assistant Speaker, we are not just selling these companies away with privatization we are giving the opportunity for our own Super Funds, where our own people will invest in these kind of sectors. If the Minister brings that arrangement for privatization, especially for commercializing the Telikom assets and Air Niugini, this gives us a great opportunity for our

super funds to invest and grow with these businesses. Sometimes without knowing, we are jumping up and down about this privatization, but they easily forget about the PNGBC; how it was commercialized and became BSP. Now it's a multibillion-kina company that provides record level of dividends to its clients where we Papua New Guineans own more than 42-45 per cent of these assets. We welcome the privatization arrangement by KCH and also the Minister's efforts to commercialize these assets.

Mr Assistant Speaker, Minister also mentioned about the debt strategy. It's so much of a stress in our balance sheet because of huge debts and I am thankful for the Government.

During my time it wasn't easy but the Minister managed to convince the Government to carry some these major debts, especially the debts which are accumulated for major infrastructures. Some of these debts are yet to be commercialized like our state of the art 4G towers that were done with \$150 million of investment and the Kumul undersea cable switch which we are facing challenges with. These are huge investments which KCH alone cannot carry, and I'm glad and thankful that the Government through the Treasury is willing to carry some of these debts as States debts so that this company can also grow.

As Minister rightly said, we need to replace some of these aging infrastructures in order to improve the performance of these companies. Otherwise they won't be able to compete with private new comers. For instance, a new company that comes in and within a month or two or within a year they are able to establish themselves with companies like Telikom. That's a real challenge.

I'm also thankful that they have signed an agreement with Lae Unitech to provide training for our Telikom employees and various technical trainings with an investment of over 100 million in partnership with our University of Technology in Lae because it's a huge commercial entity and it's owned by Telikom and I'm glad to see that it will be put into good use for providing training for our local employees.

**29/06**

We are thankful that the government is providing over 7,000 employments. The more we grow our businesses the more employment opportunities we can create for our people.

Over all, Mr Assistant Speaker, I congratulate the Minister and thankful for his continued effort to implement these reforms and bring much development for our SOEs, which our people are the shareholders.

Thank you, Mr Assistant Speaker.

**Mr RAINBO PAITA** (Finschhafen-Minister for Finance and Implementation) – Thank you, before I move my motion, Mr Assistant Speaker, I want to commend the Minister for SOE for the initiative he has taken in the last two years and now in the next five years to reform SOEs.

Mr Assistant Speaker, I notice that for the first time as a government we have given full responsibilities to the SOE Minister. In my last five years I have seen many SOEs spilt into different ministry portfolio but under this Marape/Rosso Government, full responsibilities are given to our good SOE Minister. And with that comfort of having responsibility and oversight of all our SOEs, is able to put together this reform and great work, he is doing now.

Mr Assistant Speaker, that goes to show the level of respect the Prime Minister has entrusted the ministers and I commend the Minister for SOE for the many works he is doing, particularly on the continues support we as government give to the SOE.

Mr Assistant Speaker, I must say that sometimes the government wants to blame the SOE but the government has outstanding bills when it come to power, water and other utilities. We have huge debt with our SOEs. So, the right path the government is taking is to see where we can assist in major PIPs interventions.

Mr Assistant Speaker, as you have seen in the Budget, we have allocated K200 million apart from K100 million given this year and I am hoping that we can continue that program for the next five years. So, we can get all our SOEs up with major reforms spearheaded by our good SOEs Minister and his team. I make this commendation and thank the SOE Minister and Government.

Mr Assistant Speaker, I thank the Opposition Leader for sitting with us from yesterday until today. Some seats are empty but I thank the opposition and government members for noting the debates.

Mr Assistant Speaker, many seats are empty and members are not attending Parliament session maybe, I can place it on record that most of them are attending election petitions court case. Sometimes they are coming in late and they are not in the Chamber because most of our members are required to be at the court house to deal with their election petitions.

Mr Assistant Speaker, while we have the cameras and the media here, I want to inform our people that most of our members are attending to their election petitions and as per the new election laws, the members are required to be physically present in court when the case is on.

Thank you, Mr Assistant Speaker.

Debate (on motion by **Mr Rainbo Paita**) adjourned.

## **ADJOURNMENT**

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

That the Parliament do now adjourn.

The Parliament adjourned at 1.20 p.m.