

## FIRST DAY

Tuesday 14 March 2023

## DRAFT HANSARD

Subject:

Page No:

ELECTION PETITIONS - STATEMENT BY THE ACTING SPEAKER.....	1
QUESTIONS.....	2
District Treasury operating in POM – Enga Province .....	2
Youth Unemployment .....	3
Granting of Tourist Visa on arrival.....	5
Supplementary Question-Shortage of Processing Officers .....	6
Policing Measures to curb crime .....	7
Status of Carbon Trade Secretariat .....	10
Tolukuma Mine Closure .....	13
MINISTRY OF TREASURY – ECONOMIC UPDATE – MINISTERIAL STATEMENT – MOTION TO TAKE NOTE OF PAPER.....	15
ADJOURNMENT .....	20

## PARLIAMENTARY DEBATES

### CORRECTIONS TO DAILY HANSARD

The Draft Hansard is uncorrected. It is also privileged. Members have one week from the date of this issue of Draft Hansard in which to make corrections to their speeches. Until the expiration of this one week period, Draft Hansard must not be quoted as final and accurate report of the debates of the National Parliament.

Corrections may be marked on a photocopy of the Daily Draft Hansard and lodged at the Office of the Principal Parliamentary Reporter, A1-23 (next to the Security Control Room).

Corrections should be authorized by Signature and contain the Name, Office and Telephone Number of the person transmitting/making corrections.

Amendments cannot be accepted over the phone.

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



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**KENNETH SEBEPMIN**

Acting Principal Parliamentary Reporter



## **First Day**

**Tuesday 14 March 2023**

The Parliament met at 2p.m according to the Terms of Resolution of 19 January 2023.

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

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

The Acting Speaker (**Mr Koni Iguan**) took the Chair at 2.45 p.m. and invited the Governor for Chimbu, Honourable **Noah Kool** to say Prayers.

‘Creator God, thou art in Heaven we praise you and honour you for the gift and sustainability of our lives. Despite the bad and sinful things that we do consciously or unconsciously on a daily basis, you still love us. We thank you for the mandate to represent our people and continue to give us wisdom and understanding so that we provide the leadership that you want. Today in this Parliament session and for the next two weeks and in the future, take lead and take charge and take control, Lord we trust in you; Amen.’

### **ELECTION PETITIONS - STATEMENT BY THE ACTING SPEAKER**

**Mr ACTING SPEAKER** - Honorable Members in accordance with section 221 of the Organic Law on National and Local Level Government Elections, I present the copy of the National Court Order which served as a Court of Disputed Returns; EP38/2022 dated 24 January 2022 in the Matter between Ms Delilah Weka Gore and Mr Henry Amuli in which the Court ordered that it is hereby declared that grounds, 3 & 4 of the petition are upheld under *section 212 (1) of the Organic Law on the National and Local Government Election.*

(2) It is declared that the first respondent who was returned as the elected Member for Sohe Open Electorate was not duly elected pursuant to *section 212 (1f) of the Organic Law on National and Local Level Government Election.*

(3) It is declared the election of the first respondent for the the Sohe Open Electorate declared on 5<sup>th</sup> August 2022 in the 2022 National General Elections is absolutely void pursuant to *section 212 (1h) of the Organic Law on National and Local Level Government Elections*.

(4) The second respondent is hereby ordered to conduct a by-election for the Sohe-Open Electorate forthwith pursuant to *section 212 (3) of the Organic Law on National and Local Level Government Elections*.

(5) The first respondent shall subject to any specific order for cost made during the course of the proceedings; may the petitioner's cost of the petition. The registrar shall forthwith refund to the petitioner the security for cost deposited under *section 209 of the Organic Law on National and Local Government Election*. The registrar shall under *section 221 of the Organic Law on National and Local Level Government Elections* promptly forward to the Clerk of the National Parliament a copy of the order.

02/01

## QUESTIONS

### **District Treasury operating in POM – Enga Province**

**Sir PETER IPATAS** – Thank you, Mr Acting Speaker, I direct my questions to the Minister for Finance. I have made representation to the Minister and his Secretary to establish whether a District Treasury from my province is operating here in Port Moresby.

Mr Acting Speaker, since the last representation I have not been facilitated with a response.

(1) Can the Minister confirm that this particular district treasury is operating in Port Moresby, outside of the district and also outside of our province?

(2) If this is so, what will the Minister do to rectify this because this is not proper?

**Mr RAINBO PAITA** – Thank you Mr Acting Speaker.

**Mr ACTING SPEAKER** – Minister, for *Hansard* purposes please, address the Chair as Mr Acting Speaker.

**Mr RAINBO PAITA** – Thank you Mr Acting Speaker, I thank the good Governor for his question relating to one district in Enga province which its district treasury operating outside of the province.



Mr Acting Speaker, I have not seen any documents regarding this issue but I have heard rumours within my department that the Governor visited the Department Secretary in regards to that issue and I have not yet received that letter from the Ministerial office but I will follow up today and if there is such a practise. I understand when there are special circumstances for example, when there were fights in Mendi, there were steps taken for normal government process to take function like treasury and other relevant district services.

In respect to the question, I will see relevant offices and respond accordingly.

### **Youth Unemployment**

**Mr JAMES NOMANE** – My question is directed to the Minister for Treasury. From the last Parliament Sitting were we voted the Governor-General there were few things that happened. We had droves of young men and women outside the Stanley Hotel in the thousands applying for about twenty jobs, minimal labour jobs -

**03/01**

Waiters, waitresses. We had 700, degree holders apply to become teachers at the University of Goroka. We've recently had the Lae Biscuit Company shut down for two weeks because it can't sell its products. We've got a youth bulge issue in the country that the House must take note of, Mr Acting Speaker. There's, too many young people without any prospects or opportunity for employment in the country.

So my question to the honourable Treasurer is, what is the Government's plan for employment? How do we address this issue of youth unemployment? What do we do to increase the number of people that are gainfully employed so this can directly address the rising crime rate that we are seeing in the country now. Thank you, Mr Acting Speaker.

**Mr IAN LING-STUCKEY** – Thank you Mr Acting Speaker, I want to thank the Vice Minister and the honorable member for his very timely question on what plans the Marape/Rosso Government has to creating jobs in our country.

Mr Acting Speaker, there are a number of initiatives at a very high level that this Government has taken to create jobs and this is one of the very key initiatives that our Government has been working on and must continue to work on.

At a high level from a budget perspective, Mr Acting Speaker we continue to restructure our budget to ensure that we pump more money into those economic activities that will create jobs. I'm referring here to our capital budget which three years ago when we took office was



sitting around at about a K4.6 billion this year as the honourable member knows in his planning documents, we've increased that to K9,7 billion. Of that particular budget our Public Investment Promotion Public Investment Project component, we've increased it to a little bit over K3 billion when we took over office to around about K6. 6 billion, a 220 per cent increase. At a high level from a budget perspective, that's what we have done. But of course Mr Acting Speaker, there are other issues when we talk about creating jobs.

If you recall Mr Acting Speaker, I had answered this question back in about 2020 when I was asked and I mentioned that then that the jobs growth for any Government will be delivered by pro- job and pro - growth policies. With our Government as you know. Vice Minister we have a target at ten thousand jobs in the formal economy and many more in the informal economy which covers of course our SMEs and rural workers.

So one of our first targets is, we need to make sure to make PNG an internationally competitive economy, including through ensuring our wage rates are brought into line with regional averages. Of course higher wages can mean less jobs in an economy such as PNG. So it's always about getting the right balance.

The Marape/Rosso Government is very much focused on building the agriculture, fisheries and tourism sectors and increasing of course downstream processing. And of course last weekend we saw the results of some of the good work being completed and implemented in the Gazelle Electorate. Of course we need to continue to look at greater funding in our infrastructure and we have done that by setting PNG Connect as our signature policy and in this year's budget, I am very pleased to advise our country and the House that we have implemented one of the legislative changes that we made which was to ensure that 5.6 per cent I think it is, I stand to be corrected of our annual revenue forecast is put aside for that particular

**04/01**

I think six per cent, I stand to be corrected of our annual revenue focus is put a side for that particular program. This year if I recall correctly we had budgeted K1.2 billion. So that's some of the things that we've been doing so far.

In agriculture for example, some of the exciting initiative that we have taken we've properly invested in a state equity fund of K40 million last year. It was to support the expansion of large-scale projects.

We have created new ministry of Coffee and Palm Oil to ensure a focus of these key areas of investment. We have significant investment in roads like we've mentioned. I'm very happy to provide a detail statement or perhaps my colleague minister for Works can do that to detail

the record number of contracts that have been issued and to explain in a way that our people can understand. I won't go into some of the examples of the roads projects which we've covered already here.

So, I will just move on very quickly to fisheries investment. In this particular space we need to properly invest in our Pacific Marine Industrial Zones. Last year off course, we Budget K100 million and this year we have our new effective Minister for International Trade and Investment working on that. Off course, we also need to expand our rural jetties. Last year we have budgeted K4 million and this year I think we double that amount.

In tourism again an untouched and a huge potential for our country that we continue to talk about. I will leave some more detail discussions to the Minister for Tourism, Arts and Culture.

But lastly, other initiative that help us create more jobs is to deal with the greatest barrier of doing business in our country. And we've heard in the last three and the half years and in fact before that when we took government that foreign exchange reforms together with reforms to the *Central Banking Act* must take place. And I'm very happy to advise that later this afternoon I will touch a little more on that.

Thank you, Mr Acting Speaker.

#### **Granting of Tourist Visa on arrival**

**Mr SASINDRAN MUTHUVEL** – Thank you, Mr Acting Speaker. My question is directed to the Deputy Prime Minister and acting Minister for Immigration. The Treasurer recently spoke about the importance of tourism, as we all know it is a multibillion-kina industry. I don't know the reason why it is very difficult to get visa, complain raised by the tourist.

It's a multibillion-dollar industry but to get visa to enter the country is the most difficult tasks.

Can the Acting Minister for Immigration and the Deputy Prime Minister assure this House that the promised visa on arrival that was agreed to 2015 when the President of India visited Papua New Guinea can be revisited because we are expecting another visit from the Prime Minister of India this year?

So, can we grant on arrival tourist visa for India because they are ranked third in the world economy and at the moment they are in fourth place.

So, the Minister can clarify as to why we delay in giving tourist visa to India and other countries as well.



Thank you.

**Mr JOHN ROSSO** – Thank you, very much Acting Speaker, and I appreciate the good Governor of West New Britain for raising this very critical question.

**05/01**

The case regarding tourist visa is a very big issue and it is not an easy solution for us to just give visas. This means interacting with Foreign Affairs and the Minister for Foreign Affairs just recently updated us that he is working on rectifying a lot of the issues that we have had with the backlog of Foreign Affairs problems associated with other countries so that we can be able to allow visas to be done and issued.

One thing which we have uplifted is the Business Visas which now are 12 months business visas which is short-term where businesses can apply only once and work quickly in a month go back so they don't apply every time they want to go. So it makes it a quicker and easy turn-around time in light of the upcoming mines and also for our current businesses in Papua New Guinea.

Quite rightfully said so the good Governor has mentioned Tourism which is a very important aspect that we need to look into and sort out. We are in constant talks with our good Foreigner Affairs Minister and he has also just updated me also that Indonesian and Indian diplomatic visas will be on arrival for the diplomatic staff that is coming in from them and we will also be looking at the Philippines and Koreans Visas.

So, we are working at rectifying a lot of these things he also mentioned that some of these have been backlogs for over eight years that have not been done and he is now sorting it out with our immigration office to rectify a lot of these issues.

So, yes we are working on it and it is very important and we will be able to sort it out and announce it to Parliament in the following months.

Thank you.

### **Supplementary Question**

#### **Shortage of Processing Officers**

**Mr GARRY JUFFA** – My question is also to the Deputy Prime Minister and it is in relation to the same subject.

Can the Minister advise us if there is an intention or plan to expand the services?



Because currently what is happening is they are facing a staffing capacity issue and in many of the areas where we have migration officers operating, you will find that they are overburdened with work. The number of people coming into the country has increased significantly but the number of officers responsible for managing or processing them has not increased so can the minister elaborate on this case?

Thank you.

**Mr JOHN ROSSO** – Thank you, for that supplementary question. Just to elaborate on that we have realized that there is a backlog on a lot of these and recently the Chief Migration Officer has allowed for 28 extra staff to sort out the backlog that we are working on at the moment. We are also looking at setting up a couple of offices, one will be in Lae to process passports for people in the Momase and Highlands areas. But for the long line of visas for coming into the country, yes we have noticed the problem and we have recruited 28 people to sort out the issues.

Thank you.

#### **Policing Measures To Curb Crime**

**Mr JACOB KOP MAKI** – Thank you, Mr Acting Speaker, and my question is directed to the Minister for Internal Security.

There are Warlords in Hela Province holding resources in capacity and demanding ransom, young girls have been taken hostage and repeatedly raped; their criminal acts have gone viral on social media and circulated which has created fear amongst citizens of this beautiful Nation.

Recently, an innocent taxi driver was hacked to death by unknown criminals near Edai Town which also went viral on social media. This is so scary and many innocent lives are being put at risk; our citizens and foreigners are living in fear.

Can the Minister tell this country through this Floor, what measures have the Police Department taken so far to deal with the Warlords in Hela and the senseless killing along Papa Lealea Road? If nothing has been done about them can you explain to the Floor, so that the people of Papua New Guinea can be aware because this has gone viral?

Thank you.

**Mr PETER TSIAMALILI** – Thank you, Mr Acting Speaker, and I would also like to thank the Member for Mul-Baiyer for asking his question.

From the onset, I would like to take this opportunity to thank all the members in this House from each province you –

**06/01**

Whilst I have this opportunity, I want to say thank you to all the leaders in this House. When we first met in this Parliament, we said that law and order issue is for all of us. Now, I want to appreciate you all for the work you as leaders are doing and also appreciate all of you for work collaborations with your PPCs because we encourage all PPCs to work closely with the district or you open members including the governors to ensure that they have full visibility in collaboration and in alignment in curbing the law and order issues.

Mr Acting Speaker, I must make it clear that there are no warlords in this country. We must remove that phrase. These are just criminals. We must not label them otherwise.

So, to answer your question in relation to incidents in Hela province, as you and other leaders would know, we're working closely with the leadership on the ground. Now more than ever, we need leadership. We are stretched as a force and we all know that. We have only five thousand men managing and enforcing our law and order issues. We're making every effort and we have started with the recruitment. We've also identified areas within the force that needs special attention. Our CID and forensic are addressing that. We are recruiting as I speak.

With the issue up in Hela province, we have special policing zone for western front and again we are working closely with the leadership on the ground. We're making every effort for us to manage this scenario that is happening in the Western Front up in Hela province and also across the country.

So, I am just asking for support from you leaders. This is not going to happen overnight. This issue did not just happen in 2023 or 2022 or 2021. This is a combination of the neglect our force had over a period of 10 to 15 years.

I'm probably having sleepless nights and I'm taking that responsibly to ensure that we work together with our operational side of the police.

There will also be some amendments that will be coming to the Floor for us to make some more strong laws or enforce strong laws to deter this type of actions by our citizens.

So, with that, Honourable Member for Mul-Baiyer, I hope that I have answered your question. We're doing everything possible to ensure that we address the lawlessness that is at the forefront of this country.

Thank you.



**Sir Puka Temu** – Point of Order!

**Mr ACTING SPEAKER** – What is your point of order?

**Sir Puka Temu** – Honourable Acting Speaker, the good Member clearly asked the Honourable Minister what the force is doing with regards to some of those specific incidents. Some photographs of these criminals went viral on *Facebook* so, tell the country what the force is doing rather than making a general statement. Are there people going out there looking for them here in Boiera and up in Hela? This is because their pictures were posted on *Facebook*. Tell the country what you are doing and when you are going to apprehend them.

Thank you.

**07/01**

**Mr ACTING SPEAKER** – The Honourable Members Point of Order is in regard to the question the Honourable Member for Mul-Baiyer has asked regarding the incident that happened and the Members want you to inform the House on what actions have been taken on this particular incident that took place. Can you answer the questions raised by the Honourable Member?

**Mr PETER TSIAMALILI** – Thank you Acting Speaker, firstly the social media and the type of exposure that the platform has also impeaches on the Ministry of Communication because we are talking about the cyber-crime space. And also, the general public using this platform to expose all these sorts of behavior now are days.

In terms of the prosecution of these culprits which were already exposed the cyber-crime officers have been assigned to look into such incidents. Before the police officers carry out the prosecution they have to follow the processes in place by visiting the crime scene and take reports.

With that I want to assure the House that the police have taken action but will go through a process. On the question of the progress report of the incident in Lealeah, I assure the House that I will get an update report and report back to Parliament.

In relation to the process, we have already initiated and I will report on its progress as to the arrest of the culprits.



### **Status of Carbon Trade Secretariat**

**Mr ELIAS KAPAVORE** – In 2021, the Parliament passed the *Climate Change Management Act*. One of the reasons for that particular Act is to have in place a Secretariat to monitor the carbon trade activities in the country. Because of no Secretariat in place there was a moratorium that was imposed by the previous minister, whilst it was in place there were some organisation like NIHT and FORSET who went to some parts of my district and signed some carbon trade activities with some of my people.

My questions are:

- (1) What is the Government's position in relation to this carbon trade in our country?
- (2) Is the moratorium on the carbon trade activity in place as yet or not?
- (3) What action will the Government take on these two particular companies in Pomio now especially the FORSET and NIHT, who are actually causing some chaos and confusion amongst my people?

**Mr SIMON KILEPA** – Thank you Mr Acting Speaker, firstly, I would like to thank the Member for Pomio for his questions. Before answering the questions, I would like to thank the people of Lufa for electing me as their mandated leader to represent them on this Floor of Parliament.

Secondly, I would like to thank the Marape/Rosso Government and my party leader, United Resource Party for entrusting me with this Ministry. Thirdly, I would like to thank the Opposition Leader and our brothers in the Opposition. And I would also like to acknowledge our two lady leaders in the House.

Mr Acting Speaker, the NIHT and the FORSET are based on volunteering carbon scheme and they have been in the country since 2019. The moratorium that was in place has lapsed in 2021. Actually they were here before the moratorium was placed by the former minister.

But right now, we are working on the carbon trade markets regulations which is now with State Solicitor so once the certificate on necessity are done and approved by the State Solicitor, we will then remove the moratorium.

**08/01**

Right now, there is a moratorium for voluntary market so there is no new company coming in for voluntary markets. Currently, the regulation is being scheduled for the certificate of necessity. As for NITH, they are operating in New Ireland since 2019 and they have been

operating under the Climate Change Development Authority to deal with the voluntary carbon credits.

The report on ABC was done in the forestry area, but that is not covered in the area that it is operating to conserve the forest. It is done away from the area, in the logging areas to give disrepute to our credits, in saying that PNG does not have the capacity or the credits. We have the credits and we are looking to modify the credits with the PNG Forest Authority and other relevant stakeholders at this moment.

As for the question asked by the Member for Pomio, I will check with my staff and will come back with an answer on his electorate. Thank you.

**Mr ELIAS KAPAVORE** – Point of Order! Thank you, to the two ministers for answering my questions. I have another question in regards to what he said about the two companies being there before the moratorium.

(1) Can your ministry conduct an audit on the works of the companies in my district because there has been some misunderstanding between the people there?

**Mr ACTING SPEAKER** – Honourable Member, your point of order has already been answered when the Minister said he will go back to his ministry and do a specific report on your electorate and report back to you. Minister do you have anything to say on that or I will rule out the point of order?

**Mr SIMON KILEPA** – Thank you, Mr Acting Speaker. As I have stated earlier, I will go back to my Ministry and get the right information to come and present to the Member for Pomio.

#### **Expansion of National Development Bank in rural areas**

**Sir PUKA TEMU** – Thank you, Mr Acting Speaker. My questions are directed to the minister responsible for the National Development Bank. I do not know if that will be the Minister for State Owned Enterprises.

Mr Acting Speaker, I would like to ask the question to the honourable Minister in regards to access to credit for the rural masses. We can acknowledge today, that our banking systems mostly operates at the provincial level, and with regards to some of them with very bad or difficult policies and loans and many other conditions. Our rural masses miss out big time.

Mr Acting Speaker, once upon a time, the National Development Bank had a branch in Kupiano in Abau District. That has over time, lost its extension. Recently, 10 years ago, there



was another attempt by the National Development Bank to continue to build facilities for access to credit for our rural masses.

My question is;

(1) Would the Minister consider a program of picking up the establishment of National Development Bank branches at the district level?

Thank you, Mr Acting Speaker.

**Mr WILLIAM DUMA** – Thank you, Mr Acting Speaker. I want to also thank the Member for Abau, Sir Puka Temu, for this important question. This question also applies to many of our leaders in Parliament today.

Mr Acting Speaker, the bank until 2017, received direct funding from the government through the National Budget to be able to continue to provide service and also to cater for expansion of its services to many of our rural areas. That stopped when the government stop providing funding to them.

The NDB is not a normal commercial bank as we are familiarised with. It is a development bank and under the rules of operation, it is only allowed to charge interest on the monies that it lends at the rate below four to three per cent, which is just enough to keep its operational expenses going. It is not meant to make profit for its shareholders.

That is the situation with the bank that we all have to understand. If we do allow to charge interest more than four per cent, it will be able to make some money. In the case of expansion in rural areas, the bank has through some of its internal sources been able to establish some branches in collaboration with some of our leaders.

For example, a couple of years ago, the former Member for Maprik allocated some of his DSIP funds and we were able to have a branch constructed in Maprik, and that was opened by our Prime Minister. Another example would be the case for Tari District. That bank was opened by the Prime and myself.

It is open to our members to allocate some funding to be able to open up branches in your electorates. The bank will try and come up with the balance and together we can work in partnership to open those.

As I have said earlier, these are the circumstances that the bank is allowed to operate in if the interest rates are below four per cent, which is not enough to actively enable the bank to make a decision written on the investments.



It is open and up to all of us to work together. We will expect a contribution from our local members and the bank will contribute its share and start allocating staff and the technical equipment that will be installed in those premises to be able to run an operation for our people.

I do not wish to repeat but the bank is prepared to work with our members as long as there is a contribution from the members. Thank you, Mr Acting Speaker.

**09/01**

### **Tolukuma Mine Closure**

**Mr CASMIRO AIA** - Thank you Acting Speaker. Thank you for recognizing the people of Goilala to speak in this Honourable House.

By way of background, before I direct my question to the Minister for Mining. Tolukuma is a mine that for some unknown reason changes ownership from time to time. The ownership must have been changed four to five times.

Before petroleum came in and it was given to Asidoko and now the mine was unofficially or deliberately or I don't know by mistake or by design shut down. The future of the mine is not in the clear visibility.

In recent times there was a K20 million promised to the land owners. All my people flocked down to the city and have been here for almost some months now and they keep on congregating at APEC Park at the back of the Post Office along Angau Drive to see whether that money is going to be made available.

Can the good Minister, clearly state the status of this K20 million that was promised to the people? Number two clearly demarcate or specify the purpose of that money. Is it for the employees who are being laid off or is it for the landowners? There needs to be some understanding, so they are not wasting their time walking down. We walk for five days to get here until God will, we'll build our roads. My people they have walked all the way here and they have been here for some months now.

Can the good minister for the sake of my people, provide some clarity regarding this money so my people can go back to the village and hide in the bush? Thank you, Deputy Speaker.

**Mr ACTING SPEAKER** – Honourable Minister for Mining.

**Sir ANO PALA** – Thank you Mr Acting Speaker and thank you Member for Goilala for that question. Mr Acting Speaker, I am not aware of this K20 million committed for the

landowners or for the mine but I will look into it. I will find out what was this K20 million for and advise on the status of the funds. I understand that the Tolukuma mine is not closed. When a mine is closed there is a mine closure procedure one has to go through and I don't think that the mine closure procedures has been activated. This is because of the status of the mine which I think was not being closed. I think the mine is in transition at the moment. It has passed on from one investor to another and it appears very clear that the mine at the moment is not profitable. That is why investors are reluctant to put in more money.

**10/01**

The main reason why the mine is not profitable is because of the fly in and fly out arrangements. That is, operation is conducted by way of helicopter flight and if you are going in and out by helicopters, it's a very, very expensive process. But there are also some investors looking at the way forward but that most important infrastructure that we need to build in that area is a road from Moresby all the way to Goilala. And that is the only way that mine can be profitable.

So, it is something that the government will look at down the line because I feel that there is a very big potential for that mine but we have to make it viable. And the only way we can do it is to build that road to encourage businesses to go in. At the moment the only way to go in is fly in and fly out and the businesses are not very encouraged to spend the money. So that's where we are on that mine and I'm just hoping that we will find a way.

I've just recently received an offer and I will be talking to you and governor; our good governor to take up this offer from one of the big mining companies in the country to do scoping work free of charge. So, I will be referring it to you and the governor if you are in agreement, you can invite this company to go and do the scoping work so that you will be able to then put the figures before the government for us to consider but the main question for the K20 million, Member for Goilala, I will go back and look at where these funds are, if they are there and if they have been committed, and I will advise you on the status. Thank you.

**Mr ACTING SPEAKER** – Honourable members, we have two more minutes for question time but seems there is no questions to be asked, so I'll ask the Minister for Treasury to make his Ministerial Statement. Honourable Minister.



## **MINISTRY OF TREASURY – ECONOMIC UPDATE ON IMPLEMENTING THE VISION – MINISTERIAL STATEMENT – MOTION TO TAKE NOTE OF PAPER**

**Mr IAN LING-STUCKEY** (Kavieng -Minister for Treasury) – Mr Acting Speaker, the Marape/Rosso Government is an open and transparent government. This means keeping our Parliament and our people informed of key economic developments. I am pleased to provide another economic update this afternoon. There are many economic issues facing our country and time is short and I will focus on key international budget and inflation issues since the 2023 Budget Statement.

On an international update, Mr Acting Speaker, the international outlook at the time of the 2023 budget was gloomy and uncertain. As expected, the World Bank's January economic outlook documents slashed its global growth outlook from three to one -

**11/01**

The World Bank, January economic outlook document, slashed its global growth outlook from 3 to 1.7 per cent for this year. This is the third worst growth performance in the world economy in the last 30 years. And 2020 was also one of the three worst years. The world bank estimates growth in PNG will be .8 of a per cent less in 2022 and 2023 this year and forecast just six months ago.

Fortunately, we had built much of this into our growth forecasts and as previously stated our Papua New Guinea economy is doing so much better than most other countries. Indeed, the new World Bank forecast for PNG of real growth of 3.5 per cent is still more than double the world average. Despite this bad global news there is no need to panic. The Marape Government was able to steer our country's economy through the dangers of the COVID-19 pandemic. Papua New Guinea will weather the latest storm much better than most other countries. And once again we will be responsive, responsible and caring.

On our 2023 Budget Implementation status PNG's financial accounts for 2023 opened on January 9<sup>th</sup> 2023. Now it is time to implement our historic 2023 Budget. This year we will see the highest level of government expenditure in our country's history K24,567 million all of this within a responsible program of budget repair and reconstruction which will see Papua New Guinea return to a budget surplus target date of 2027 and the start of reducing our country's debt.

Let me highlight some key expenditure priorities as we implement the PANGU platform from the 2022 Election. Infrastructure expenditure will increase from K4668 million

in 2018 to K9796 million this year more than double. This is also being delivered with more local content and more local job opportunities. Within that capital budget of K9796 million, PNG's Public Investment Program or PIP component has increased from K2041 million in 2018 to K6615 million this year as I mentioned a little earlier during question time.

This is an extraordinary increase of over 220 per cent. The Marape/Rosso Government is the infrastructure government. Responsible investments in physical capital to support growth in our economy. We are also supporting major increases in human capital spending. Our health funding will reach K2311 million this year, a 34 per cent increase since 2021. Education will receive K1650 million, a 51 per cent increase from 2021.

Law and justice will reach K1,787 million, a 41 per cent increase from 2021 and this is supporting the police recruitment campaign, wasn't it great...

**12/01**

This is supporting the police recruitment campaign. Wasn't it great to see so many of our young people applying in January this year, over 80 000 applicants.

We have committed increased salary funding for a steady five percent increase in the numbers of teachers, doctors and nurses through to 2027 and then a 10 percent increase each year after that. Just have a look at our 13-years plan, making sure that our new schools and hospitals will have the necessary stuff.

The economic sector will receive K989 million a 46 percent increase from 2021 with a much greater focus on supporting our farmers and agriculture and SMEs.

Funding for provinces will increase from K50138 a 30 percent increase from 2021, giving our good governors more resources to implement their key activities at the decentralised level.

The major challenge for the 2023 Budget is now ensuring that this record level of funding is spent well and benefits our people. There is much hard work ahead for all of us to ensure that this occur.

The 2023 Budget is being delivered with a Budget repair of a K1 billion reduction in the deficit.

A low-cost financing strategy which has lowered debt interest costs from 6.5 percent to 4.2 percent, thereby generating interest, cost savings of K1353 million in 2023 alone. All in the context of a tough global environment, with many countries expected to fall into recession whilst, PNG grows at double the world rate.



Our country is doing better than most, because of the good economic policies of the Marape/Rosso Government, guided by the Pangu Party vision of leaving no district or person behind. Do not believe the lies of social media or some of those sitting on the other side.

Mr Acting Speaker, the 2023 Household assistance package, despite the good economic news looking forward, we must remember that PNG has frankly some of the worst social indicators in the region. Too much poverty, and living standards for most of our people are simply not high enough. This Government knows the cost-of-living pressures faced by families around the nation and for the first time in PNG history, the Marape/Rosso Government developed a package to help some of those pressures with a K587 million in 2022 and K590 million in 2023. A total of K1177million in assistance to our households and our people. No other Government has ever delivered such a household assistance package.

Mr Acting Speaker, I am pleased that the IRC has written to all employers with new tax schedules applied from the 1<sup>st</sup> of January 2023. This is providing tax cuts of up to K63 per fortnight for all those earning K20 000.00 or more for 2023.

As mentioned in the dailies our NASFUND estimates will benefit over 98 per cent of their members.

### 13/01

Most of them in the younger age group. From the 1<sup>st</sup> of January this year we are also continuing for another six months the removal of all excised taxes on fuel. This will save 61 toea per litre of petrol costs and 23 toea per litre of diesel costs. From the 1<sup>st</sup> of January this year we are also covering the cost of social project fees in 2023. For example, a family no longer has to pay the project fee of K220 for each children attending secondary schools. This program helps ensure that relief gets out to the furthest parts of our country. The cost of living relief is greatest for those most in need. Those families with the most mouths to feed while letting their children attend school rather than work in the gardens.

Responsible, caring, budgeting the Marape/Rosso Government supporting families in ways never before experienced in Papua New Guinea.

On inflation, the National Statistics Office (NSO) has released its estimates of inflation for the September quarter of 2022. The NSO estimates inflation of those three months was 1 per cent, this is half the inflation rate of 2 per cent for the three months of the June quarter of 2022.

Mr Acting Speaker, the Government keeps a very close eye on inflation. It knows that some key items have had very high price increases. This is why we introduced a 1177 million

household assistance to help deal with some of these costs of living pressures. The good news is that the overall current level of inflation of 6.3 per cent is below PNG's long term average rate of 7 per cent. The Treasury and the Central Bank along with the international institutions are predicting the inflation rate will be below 6 per cent this year and fall towards 5 per cent next year.

Mr Acting Speaker, this means that we are not expecting high inflation this year. Once again, beware the funded scab campaigned by social media and the so called PNG empty tank. These inflation figures are gathered by the NSO across many areas of the country and go into detail on over 120 items and services. As a responsible government we will continue to closely monitor inflation levels. If things get worse, we will look at options to do more within the context of sustainable budget repair.

Our international engagement, Mr Acting Speaker, one of the great strengths of the Marape/Rosso Government is its willingness to engage constructively and honestly with the international community. I have had the honor to have had three good discussions with Australian Treasurer Jim Charmers already in 2022 and 2023. These discussions include shared economic and trade opportunities such as labor mobility and good cheap financing options.

On the international monetary fund program, Mr Acting Speaker, I am pleased to foreshadow to this Parliament that PNG stands ready to enter into a funded program with the international monetary fund or the IMF. Our first program in nearly 20 years. We commenced this partnership back in 2019. We knew the IMF were critical for restoring international confidence in PNG's economic management. We saw then as a source transparency and

**14/01**

We knew the IMF were critical, for restoring international confidence, in PNG's economic management. We saw them, as a source of transparency and expertise. This engagement, was also important, for the K1.2 billion, in cheap funding they provided to us in 2020, to deal with the then 20 per cent fall in our revenues, due to the COVID-19 pandemics.

All countries were also assisted by the IFM, with an increase in quotas in 2021. We now stand ready, To engage in a program, that will likely contribute K310 million or possibly K614 million this year, to support our Budget repair, and a total of up to K3,250 million over the next three years.

Importantly, agreement to this program, is also vital for securing support from other countries. Without a program, Australian legislation would require the K1,800 million we received just in December last year, actually having to be repaid now and little prospects, of



success, for the request of K1,500 million this year reflected in our financing plan. We will also approach Japan and other partners, including the World Bank, ADB, for support and they are all linked, to the IMF program. The alternative to this of course, is going back to expensive commercial loans and of course being able to borrow significant the less than what we are currently doing today.

The guiding principle for engaging with the IMF, has been support for the Marape/Rosso Government's economic reform program. The IMF are extremely satisfied, with our program of economic repair and reconstruction. They are also pleased, with the progress we have been making on good governance reforms, especially those around the Independent Commission Against Corruption.

They are keeping us honest, pushing our institutions, to release more transparent procurement data. They also working closely with us, on reform of our monetary and foreign exchange rate practices. We are sure, they will welcome and respect, our own local expertise, provided through PNG's own Independent Advisory Group, on BPNG reform. There have been hiccups along the road, yes and I expect, there will be hiccups in the future. Overall, however, it has been a productive partnership. And we must on occasions, take a hard-headed approach to our national interests, including linked funding support. Like all negotiations, this will require some give and take, on both sides.

At the end of this statement, members of Parliament, I have attached details on the program for this Parliament. This covers the details of the loan terms and expected disbursement schedule. It includes all of the quantitative and qualitative conditions, for the first 12 months, we have 18 of those and this is part of our rolling three-year program. I will continue to provide regular updates to the IMF on this IMF program, including any updated conditions. And I welcome Parliamentarians to a briefing at our Treasury to go through the program and would hope we can organize a broader meeting with the IMF with those of you that have time and might be interested during their next visit. So, I commend this program to the House.

For good health in 2023, Mr Acting Speaker, at this time, I must also note, the tremendous loss to the country, of the sudden death of Sir Wilson Kamit.

I commend this program to the House.

**15/01**

### **Good health in 2023**

Mr Acting Speaker, at this time, I must also note, the tremendous loss to the country, of the sudden death of Sir Wilson Kamit.

Sir Wilson was the first Bank of PNG Governor, following the reforms of Sir Mekere Morauta. He held the position from 1999 to 2009.

These were good years economically for PNG.

I have been honoured, to have him as one of the three members of the Independent Advisory Group, on modernizing the current Central Banking Act. He has made a great contribution to PNG, and I was greatly saddened, by his sudden passing. My sincere condolences to Lady Winifred, his family, and colleagues.

I would also like to thank Mr Jim Hagen, our key contact within the Australian Treasury, for all the support, he has provided to PNG and the wider Pacific, over many years, and wish him well in his retirement.

### **Conclusion**

Mr Acting Speaker, New Ireland is a matrilineal society. During the Xmas Break and the first two months of 2023, I met with over 4,000 mothers and youths, to listen to their views on priorities for 2023. My clear view is that the Marape-Rosso Government is doing the right things for our mothers, our youths, and our people. There is still a long path to travel before we reach the living standards that our people deserve but we are taking the right steps forward.

A record K24,567 million 2023 budget, with spending, focused on key priority areas. K1,177 million assisting households with the cost of living pressures, budget repair of K1,000 million. Economic growth policies focused on rural areas, delivering double the world average at 3.5 per cent. Inflation moderating to under 6 per cent moving to greater economic independence. Working constructively and openly with international partners. Implementing the PANGU Vision, all within our available resources.

Thank you, Mr Acting Speaker.

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

That the Parliament take note of the statement and debate be adjourned to a subsequent sitting.

### **ADJOURNMENT**

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

That the Parliament do now adjourn.

The Parliament adjourned at 4.05 p.m..