

THIRD DAY

Thursday 3 August 2023

DRAFT HANSARD

Subject:

Page No:

BUSINESS COMMUNITY ENGAGEMENT – STATEMENT BY THE ACTING SPEAKER	1
ACKNOWLEDGEMENT OF VISITORS – STATEMENT BY THE ACTING SPEAKER	2
QUESTIONS	2
Provide Progress Report on Development Agendas	2
Supplementary Question	7
Criteria for Funding Disbursement	7
Trans-Islands Highway Impact Assessment and Management Strategy	8
Free Power Supply from Indonesia and Jayapura	11
MINERAL RESOURCES DEVELOPMENT CORPORATION – ANNUAL REPORTS FOR THE YEARS 2019 AND 2020 – PAPER AND STATEMENT – MOTION TO TAKE NOTE OF PAPER	21
SPECIAL PARLIAMENTARY COMMITTEE ON HEALTH MATTERS – PRELIMINARY REPORT ON THE FACT FINDING MISSION TO ASCERTAIN THE STATUS OF THE HEALTH FACILITIES IN THE NATIONAL CAPITAL DISTRICT, EAST SEPIK AND EASTERN HIGHLANDS PROVINCES – MOTION TO TAKE NOTE OF PAPER	28
DEPARTMENT OF PERSONNEL MANAGEMENT PNG GOVERNMENT PAYROLL DIAGNOSTIC REVIEW – FINAL REPORT, JUNE 2023 – PAPER AND STATEMENT – MOTION TO TAKE NOTE OF THE PAPER	41
ADJOURNMENT	55

PARLIAMENTARY DEBATES

CORRECTIONS TO DAILY HANSARD

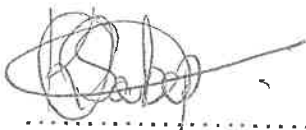
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KENNETH SEBEPMIN

Acting Principal Parliamentary Reporter

THIRD DAY

Thursday 3 August 2023

The Acting Speaker, (**Mr Koni Iguan**) took the Chair at 10 a.m.

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

Sitting suspended.

The Acting Speaker again took the Chair at 10.55 a.m., and invited all the honourable Members to recite the Lord's Prayer:

"Our Father, which art in Heaven, hallowed be thy name. Thy kingdom come. Thy will be done in earth, as it is in Heaven. Give us this day our daily bread. And forgive us our trespasses, as we forgive them that trespass against us. And lead us not into temptation, but deliver us from evil. For thine is the kingdom, the power, and the glory, for ever and ever. Amen".

BUSINESS COMMUNITY ENGAGEMENT – STATEMENT BY THE ACTING SPEAKER

Mr ACTING SPEAKER – Honourable Members, as part of the Speaker, Honourable Job Pomat's initiative to engage with the business community, I am pleased to announce the hosting of a conference by the National Parliament in collaboration with the Papua New Guinea Business Council to be held in the State Function Room on Monday 7th August from 8.a.m., to 4.p.m.

The theme of the conference is "*Shared Values Strengthens and builds Papua New Guinea*", which focuses on bringing together the Business Community and Members of Parliament to discuss issues of mutual and national importance.

An information package to this end has been prepared and distributed for your benefit. Please peruse and direct any queries to the office of the Clerk of Parliament.

The conference will conclude with an evening function from 6.p.m., to 8.p.m., to be hosted by the Business Council.

Honourable Members, your participation in this important and engagement is encouraged. Thank you.

ACKNOWLEDGEMENT OF VISITORS – STATEMENT BY THE ACTING SPEAKER

Mr ACTING SPEAKER - Honourable Members, I wish to acknowledge the presence of visitors in the Public Gallery of:

(a) Second group of students from the School of Business and Public Policy at the University of Papua New Guinea,

(b) Teachers and Grade 5 Visionary students of Paradise High School; and

(c) Teachers and Grade 6 students of Lahara Avenue School.

On behalf of the Parliament, I extend to the visitors, a warm welcome to the Parliament.

QUESTIONS

Provide Progress Report on Development Agendas

Mr WILLIAM POWI – Thank you, Mr Acting Speaker. I also want to recognise the students and others who are in the Gallery. I see my daughter who is doing grade five in Paradise here, hello Bakita. Thank you for that.

Mr Acting Speaker, my series of questions are directed to the Minister for National Planning Honourable Rainbo Paita and the Prime Minister and others can take note.

Mr Acting Speaker, the question is in relation to the national development agenda of this country and the importance of implementation of the National Government's development budget. Given our country's concerns in law and order, education, health and of course infrastructure such as Connect PNG, SME space and other important sectors of our development

agenda. It is important that the Minister for Planning through his Department as the most appropriate agency of government provide to us leaders and this Parliament a quarterly or bi-annual report tracking the performance on our development agendas.

02/03

This is so that the people of this country are aware of the Governments efforts and utmost best in addressing development agenda of this country.

My questions are as follows;

(1) Can the good Minister assure this House and the people of Papua New Guinea, if his department can table this report on the use of development funding to sector priorities in the development budget?

So that there is accountability, visibility, a track record so that we can be informed on what is happening in our development expenditures and in the respective priority sectors under the 2023 Development Budget?

Mr Acting Speaker, most of the leaders in this Parliament will agree that this is important information and we can relate it to our people in our communities, districts and provinces.

I note that there is a total appropriation of K9 billion allocated in the 2023 Development Budget and I am also aware that we are in the third quarter of 2023, but for the purpose of clarity, visibility and the many Government doubtful critics.

It is important that the people of this country have some visibility on how we as Government, the custodians of our people's budget account and inform the people where earmarked development funds are expended so far and how each sector is funded and what programs get funded and so forth.

(2) For example in the case of Connect PNG, how much development funds have been expended so far? Which roads have been funded and in districts and provinces?

We need to report back to this Parliament so that our people and we as leaders appreciate the intervention of Government in this sector.

(3) Can the good Minister inform Parliament, what are our National Government intervention program or funding in the law and justice sector?

I am aware that this Government has intervened with the appropriation and expenditures in the CIS, the Police and the judiciary space. But it is important that he table a report to this

Parliament and to the people of our country so that our people and leaders have clear visibility on the government's interventions in the law and order space and programs.

Mr Acting Speaker, I can go on in the education sector, in the health sector and SMEs.

(4) The Marape-Rosso Government is intervening but what are the interventions?

(5) Which universities, colleges or educational institutions are funded and in what districts or provinces?

We must clearly articulate to Parliament and the leaders and also through the whole country.

(6) Can the department organize and inform the country from now and going into the future instead of keeping people in suspense and creating a lot of doubt and unnecessary critics out there?

03/03

These are important government intervention programs into sectoral intervention. As part of the overall National Government strategy, they must report to Parliament and to the people of this country on the implementation of the national development agenda. So that the leaders and the people can appreciate the government's efforts in our districts, provinces and in the country as a whole. The progress report on the implementation of the Development Budget can be used as a yardstick to transform and change the development agenda going forward in this country. Thank you, Mr Acting Speaker.

Mr RAINBO PAITA – Mr Acting Speaker, I thank the good Governor of Southern Highlands for raising three important questions and I will try my best to give responses that are best fitting to some of the main issues raised as part of his questions.

Mr Acting Speaker at the back of launching MTDP4 and learning from the lessons of trying to implement MTDP3, as he said, implementation is a very serious issue. For one, as we all know and most of us sitting in this room understand that the National Governments set the agenda of a five-year space and it's up to provincial and district governments to work within that space of plan. And the money plan that we put forward as stated in his statement was K9 billion, the revised version is actually K6.72 billion for the development component.

Mr Acting Speaker, when the MTDP3 independent review came out, one of the key concerns in that assessment or the report done by an independent team was that, implementation was the major issue in getting through the last MTDP3. Thus, at the back of that assessment, in this MTDP4, I'd like to announce by way of answering this question that in the next five years going forward as captured in the MTDP4, we are going to outsource monitoring and evaluation. Mr Acting Speaker, the current practice is we give money to the provincial and district governments and wait for them to build the roads, then we send DIRD to go down to the provinces and compile reports. Sometimes we don't know whether the reports are true but we bring the reports back to Parliament and table them or bring them to other forums for other reports. As such, sometimes the reports are credible and sometimes they are not. So the intention in this five-year plan is to outsource, meaning organizations such as KPMG, SMEC or international reputable companies will now assess big programs such as Connect PNG, et cetera. When money is given to the provinces, we will have an independent team assessing and giving evaluation of these projects to ensure that we implement. So coming to his series of questions on tabling a report in Parliament, as soon as the Treasurer hands down a report on the MYEFO report, I can assure this House that I will table a very detailed report on how we are spending in terms of national agendas such as law and order, health and education. At the same time, on the level of funding we are giving to the districts and provinces so that we are all held accountable on how much we are spending at different levels of our government.

Mr Acting Speaker, so I can assure this Parliament that I will table a very detailed report on where we are spending and all these earmarked funding for the different sectors. District by district and province by province. So that we know which province or district received or didn't receive funding.

As stated by our good Governor, for the benefit of our people to know that funding has gone to these areas and it's up to relevant agencies of government to take on board or implement those programs at district LLG, provincial or national government level. So for question one, I assure this Parliament and country that I will table a very detailed report.

04/03

This will come after the launching of the MTDP 4. At the same time, our intention as government is to set up a national monitoring authority.

Mr Acting Speaker, in response to the second question on Connect PNG, the road section that is referred to comes under the mandate of the Department for Works and Highways. I will consult with the relevant Minister and the Department to get detailed report and table it in Parliament so we know how much the government is spending in each province in regards to Connect PNG and that sector as a whole.

From the top of my head, PNG Government funding is about K450 million and donor funding is about K300 million, so the total Connect PNG is about K750 million for this year. This is a major policy direction focus for this Government. Particularly, in Southern Highlands Province, I am told Gulf-Southern Highlands Highway remains a priority for this Government and has been receiving ongoing funding.

I am also told that some of the roads that it captures are like the Nipa-Poroma Road. Contracts have been awarded to four or five contractors and they are slowly picking up work. The Department of Works and Highway has been paying them based on work they have been doing. At the same time, tender has gone out for the Poroma-Kutubu Road which has never been done by any other governments before, and we are treating it as a priority.

For the Mendi-Nipa Road, that has been captured in the Connect-PNG Program. We are working with the Works Department, which is the implementing agency so that we can implement those roads. The last thing I want to do, is to make it look like the Department of National Planning and Monitoring is the super department that overrides and micro-manages everything. We are also working with agencies who take custody of the programs such as Connect-PNG for them to implement.

As to date, I can submit how much we have funded, but to my memory, I am told that half of the funding that we have allocated, that would be around K350 million has already gone to the Department of Works for them to implement the whole Connect-PNG.

For the specifics of Southern Highlands Province, I will work with the Minister and Secretary for Works to ensure we get a detailed report of which roads under the Connect-PNG funded in this province, are on-going contracts and which are tendered and are priority for the government.

Mr Acting Speaker, in response to the third question in regards to law and order. As the Prime Minister mentioned in a statement yesterday or the day before, our government has prioritised funding by putting money where our mouth is. In terms of addressing law and order,

as you can see, the Police operational and PIP budget is almost K550 million for this year. But for our sector programs in PIP and developmental budgets, it is about K250 million for the law and order sector as a whole.

So, on those reports as well, like I have said in relation to the first question, when I table my report, we will outline how much we are spending in law and order, health, education and all the different sectors that we have.

In regards to the last question on ongoing quarterly reports for all the other programs that the government is running, I can assure this House that when that report comes, we will outline everything.

I would like to thank our Treasurer, that to date, we are tracking at about half of our PIP budget and all those monies have been released to agencies of government.

Mr Acting Speaker, I would like to conclude by saying that, unlike past practice where most of the funding has been held by agencies like Finance and Planning, now all the funds go directly to each agency like agriculture and oil palm. We do not want to override these agencies but to work with them to ensure that we implement our budget.

The Department of Planning and Monitoring does not have the overarching powers to override other agencies. The PIP has been delegated. For instance, funds for district roads are sent to the districts, likewise for the provinces. We make sure the funding goes straight to the district or the province. So, if a road is not being constructed, consult the respective member or governor.

05/03

We are no longer micro managing programs at National Planning or other departments. Connect PNG is managed by the Department of Works and Highways and we are dealing with national agenda programs. All these other different funding have been sent it to the agencies to manage so if funding for a sector has not arrived, please check the relevant Minister and we will just liaise with them. Thank you Mr Acting Speaker and I thank the Governor for Southern Highlands for giving me this opportunity to respond to these three questions.

Supplementary Question
Criteria for Funding Disbursement

Mr GABRIEL KAPRIS – Thank you Mr Acting Speaker. My question goes to the Minister for Finance and Planning.

This country is made up of four regions. So when you present your report, can you tell the House how you disbursed the money and if all the regions are benefitting fairly.

Thank you, Mr Acting Speaker.

Mr RAINBO PAITA – Thank you, Prime Minister and I thank the Member for Maprik for his supplementary question. Maprik is an integral part of our development plan, same as each region and province.

In our matrix, for regional balance and fairness of distributing those funds and our limited funding that we captured in PIP, all regions have been captured fairly. For example, if you see in the budget for district infrastructure program, for Finschhafen District Infrastructure program, we've allocated K5 million and also that same amount is allocated for Maprik District in East Sepik. You will see that the Maprik District Infrastructure program is captured in this budget line by line. We have put this into the budget to reflect the element of fairness in the budget where every district is captured. Provinces are captured and if you put it together, regions are captured entirely.

So we'll try to give a space in the report to show the regional balances for the distribution of our budgets. I hope I've answered the question by our good Member for Maprik. Thank you.

Trans-Islands Highway Impact Assessment and Management Strategy

Ms RUFINA PETER – Thank you, Mr Acting Speaker. I'd like to also ask a supplementary question to the Minister for Finance and Planning. Its with regards to his prioritisation of the roads coming from Southern Highlands to Gulf and of course into Central Province.

So, three times on this Floor of Parliament, I have asked about socio economic report on this road coming into Central Province and I have not received any response back on that question.

So, my question to the Minister for Finance and Planning is,

(1) How has the Government accommodated for the effects of this road connecting into Port Moresby and the negative impact of it from Gulf into Central province.

Right now, we are talking about law and order. We're talking about all of the effects of law and order in all parts of the country and for us in Central Province, we see that as a major possibility of law-and-order problems happening in our province.

(2) So, we are asking, what is the socio-economic report if it has been done?

(3) If that has been done, how is the government planning for that in terms of budget to help us prepare for that, the negative consequences?

(4) Do we have prerequisites that we need to set and tick off before we open that missing link? And if we haven't done that, can the Minister let the people of Central Province know how he intends to take care of that?

Thank you, Mr Acting Speaker.

Mr RAINBO PAITA – Thank you, Mr Acting Speaker. I thank our good Governor of Central for raising very important questions. I think it goes to the core of what previous the Government are trying to do to ensure that we connect the entire country.

06/03

Mr Acting Speaker, most of you would know in most developed countries the first infrastructure they built when they got their independence was transport system.

If you look for instances, in America and Australia the first thing, they did was connect the entire country, and today if you travel to Australia you can drive from one State to another and even most advanced economies that we are living in this world today.

Unfortunately, in PNG it's sad to say that we have not done that so most countries live in their pockets of their own region, space and districts. The ambition of Connect PNG was basically, how do we Connect PNG as a whole?

When we raise socio-economic issues like law-and-order problems; one casing point you could see is Morobe, its linked to the Highlands Region and yet we found a way to live together, you can just look at the dynamics of Morobe, when we try to correlate the casing point like if we connect the road from Central Gulf and Morobe or connecting the all of Papua Region to the New Guinea Islands.

The casing point is simply look at Morobe, its connected by road, the Okuk Highway commences at Lae and goes as far as Tari, Koroba-Lake Kopiago or Porgera, the two-road junction will show you the casing point.

As for the two particular roads that will connect; one is from Gulf/Southern Highlands Highway and the other one is the road our good Governor is referring to which will basically link through Morobe, Central and all the way to Port Moresby.

The Department of Works has done several studies to do with economic corridors studies which I will present once done by the Department of Works. These programs have been running for ten years now and it's an ongoing initiative by former governments to include the missing links.

So, these studies I will present to the Governor for Central for the benefit of assessing these reports done independently by the Department of Works, the economic corridor missing link concepts and the studies done by (DOW).

But on the point, Mr Acting Speaker, the questions come back to us all on the issue of law and order, this problem won't go away until we all go to Heaven. The law-and-order problem will exist in our country and even anywhere around the world will be issues of law and order.

But do we allow these issues to not stop us from connecting the entire country? Which is something that we must do before we reach 50 years and beyond. When do we really connect the entire country?

I want to conclude by saying that my electorate in Finchhafen is still outside and not connected to Lae as yet, we are so close to Lae but we are living so far away. One basic question that we all should ask ourselves is, when we don't connect the road? How will the police personnel reach the affected areas? The only way is walking and how many kilometers will they walk to reach the destination? It's very hard to send police officers, even flying them in the helicopter is very costly.

Therefore, creating connectivity will reduce the issue of law and order. So, in a major scale how will it affect that, I think these studies are done by the Department of Works with the assistance from other Departments like National Planning.

So once done I will produce the report for Governor or other governors that feels that this will be an issue for us when we are trying to go down the path of connecting the whole country.

I thank the Governor for your questions and assure you that I will produce these reports to your office for the benefit of our people in Central Province.

Free Power Supply from Indonesia and Jayapura

Mr BELDEN NAMA - Thank you Mr Acting Speaker, I want to direct my series of questions to the Prime Minister. My questions are in relation to free-power supply from Jayapura and Indonesia.

Mr Acting Speaker, as I stand here speaking in the last three days Indonesia has been erecting power poles in my Wutung Village on the border of Indonesia and PNG.

Mr Acting Speaker, provision of power or electricity, water supply and telecommunications is the sovereignty responsibility and obligation by an Independent State of any country.

07/03

We as a government are responsible to provide those essential services. These essential services are actually economic enablers of our country. We have placed so much emphasis on Connect PNG but we have not placed emphasis on power supply, water supply and telecommunication in our country.

Mr Acting Speaker, I have stood here many times and I have been vocal on issues of sovereignty and national security. I have raised concerns about Indonesian encroaching into our territorial waters and our land boundaries. I have raised issues about Indonesia building a naval base in our territorial waters at the mouth of River Toresi in Western province. I have also raised issue about Indonesia building infrastructure and military base in River Tami all the way to Wutung Village. We as government have not addressed those issues and now we have gone and made agreement with Indonesia to supply free power to the people of Wutung.

Mr Acting Speaker, by this decision, this Government has compromised our sovereignty and our national security and the worst is, Mr Acting Speaker, we have allowed free power to be supplied to the people of Wutung. At what –

Mr William Duma – Point of Order! Mr Acting Speaker, just to put things in perspective, PNG Power and the Government has not reached any agreement or whatsoever on any power deal. There is also a proposal that's on the table and there are many issues that need to be resolved and we have not agreed yet.

Mr ACTING SPEAKER – Honourable Minister, your Point of Order is in order but I will ask the Honourable Member to continue with his questions so that the Prime Minister will respond. Honourable Member for Vanimo Green, I would ask you shorten your statement and go straight to your questions.

Mr BELDEN NAMAHA – Thank you, Mr Acting Speaker. At what cost have we as a country allowed another country to come and provide the service that we are supposed to provide to our people?

We have allowed them to encroach into our land borders and allowed them to build infrastructures in our territorial waters and we have done nothing about it. And now we have gone and begged them to supply power to us which is our sovereign obligation!

Mr Acting Speaker, for me this is an unimaginable decision and a very sensitive decision. My questions therefore are;

(1) Who gave approval for Indonesia to supply power to Wutung Border? I want the Prime Minister to tell this House.

(2) Were the sovereignty and the national security issues and the implications and ramifications considered prior to making this decision?

(3) Why was I, as the local member, and the District Development Authority Board not consulted in the discussions? Why wasn't I involved in those discussions? I would have given better advice to the government on the implications of sovereignty and national security issues. What if Indonesians encroach and we raise the issue? I think they will shut down the power for us.

(4) Have we just sold our land, our people and our country to another government?

08/03

Mr Acting Speaker, by this action, are we admitting to our people and to the global community that we are incapable. Are we incapable of providing essential services to our people?

Mr Acting Speaker, I have spent K1.9 million from my DSIP to do a complete costing of a mini hydro and it will cost about K40 million which is less than K50 million to produce 3.3-5 megawatts of power. Through an assessment, that size of power is enough to supply the provincial headquarter, Vanimo and all the way to Watung Boader. I'm not asking for much. I have submitted all these proposals to the National Planning two years ago. I understand that there has been K40 million allocated and nothing has come to my district. Why can't the National Government just give that K40 million and allow me to build that mini hydro so that I can 'kill two birds with one stone'. Provide electricity and water supply to my people.

Mr Rainbo Paita – Point Of Order! Mr Acting Speaker, the K40 million budgeted for a specific hydro project in Vanimo is not true and should not be on record. I am not aware of setting aside a K40 million in a budget allocation and we even did not fund that particular project so I just want to correct that.

Mr ACTING SPEAKER – Honourable Minister, your Point of Order is in order. Honourable Member for Vanimo-Green, we have already ran out of time, you will need enough time to receive a good reply from the Prime Minister so –

Mr BELDEN NAMAHA – Mr Acting Speaker, the good National Planning Minister must check his records. There is a money earmarked from the European Union of a total of K40 million, go and check your records, if my reading is not right. But, Mr Acting Speaker, what I am basically saying is that, we can provide these essential services ourselves.

Mr Acting Speaker, the two questions that I ask is for the Prime Minister to immediately withdraw the power supply to Wutung. We cannot allow another country to come in and encroach to our territory and supply the services that we are supposed to supply for our people.

Me Acting Speaker, if we stop power supply to Wutung, I am prepared to lose my political support in Wutung over my sovereignty and over my dead body. Thank you.

Mr JAMES MARAPE – Thank you, Mr Acting Speaker. I would like to appreciate the questions raised by the Member of Vanimo-Green. Firstly, I want to say that the sovereignty of our country cannot be given away if we access partnership and services from other countries. Indonesia as a country is right next to us for so long. We have not been seeing them as an economic partner. We've been seeing them from the prism of politics and government to government relationship only. I want to inform the leader and the House to ask some series of national interest questions so that his constituent as well as those who are living in the border area between us and the Indonesian boarder are able to know exactly what is happening in between us.

I want to give an assurance to the Member and the people in Vanimo Green, North Fly, Middle Fly and South Fly, who live in the border that our sovereignty and border issues will not compromise our national interest. In fact, it will protect the proposal put on the table and that is within the context of national interest. What I am saying here is in terms of national interest. At the moment, as we speak, PNG is soon to be 48 years old.

09/03

As a country, we do not have a reliable power services and infrastructures in all parts of our country as yet. Let alone Vanimo or Daru or the border areas as I speak. The boarder areas sadly have remained one of the enclave's part of our country that is totally vacuum in terms of services that our people so deserve.

I do not know when was the last time many of us visited those areas. I did have a privilege of flying in and around these border areas last Christmas in some of my early electoral visits throughout our country. I am heartbroken to know that they still remain way behind and it is unfair for us to keep them locked in those enclaves of poverty, absent of goods and services forever.

Let me give assurance to our people in the border areas in our country and the good Member for Vanimo-Green that our national interests is not compromised in the endeavor of finding development and services there. There will never be compromises going forward because it will be done within the context of our Public Policy, the Nation's Constitution and the enabling legislations that govern our operations.

Directly linking of the context of power being supplied from the other side, Mr Acting Speaker, I just want to impress that the concept is being discussed seriously. We have not penned an agreement yet but we are looking in this possibility very seriously to give cheap, reliable power 24 hours a day to Vanimo and Daru town at the very earliest.

Every development endeavors cost money, today Vanimo, Daru, Tari and almost 80 per cent of all major centers are cost centers in as far as PNG Powers ability to supply reliable power to these important provincial headquarters and key district sites right throughout the country. Simply put, as absent of sustainable low price and by the Governments Policy, clean energy in those areas.

And so on the other side of the border they have cheap power readily available to be accessed and for us conversely going down the line into the future the massive hydro potential we have in the country including the proposals for hydro in Vanimo District and other parts of the country. The generation capacity we have here is even bigger than what we have on the other side so the public shared infrastructure within our two borders are been looked at very seriously within the confines of the sovereign borders that we have today.

So, shared infrastructure and space use for commerce, business, trade and people to people movement so we eliminate dark spots in the border area, people still living in poverty, migration of people who we cannot account for properly, who hide under the cover of border crosses, who move in and out of these places. We want to really lift the border areas in terms of modern services at the very earliest.

So to find an immediate or temporary solution for power for instance, Merauke has power that run power 24 hours a day, Jayapura has power. We had a look at this proposal to run power lines between Jayapura and Vanimo and we could access cheap power temporarily until that hydro comes into play or until we have generation space in power ourselves and we could bring back and power our own cities and towns.

Mr Acting Speaker, Vanimo is a very strategic place and I appreciate the Members concern that it must have stepped up national interest and security in that place so that power conversation is temporary. If we have access to cheap power, we will look at giving you contacts, Mr Acting Speaker.

Vanimo power today will probably cost over K1 per kilowatt per hour, the conversation is that we are looking at accessing power from the other side at less than a K1 per hour; much

cheaper. In fact, that current conversation indicates almost 70 per cent reduction to the cost of what would have been K1 per hour a kilowatt in Vanimo Town.

So accessing low priced power in Vanimo complementing our intention to drive Vanimo Free Trade Zone putting all forest products back into Vanimo for down processing into downstream processing.

10/03

They have readily surplus power on the other side that we are thinking of accessing but within the context of what is beneficial to us without compromising our national interest. At the moment this line of thought is in draft stage but when we have been talking for the last 48 years, just a slight conversation on this one. Our friends from Indonesia at their own cost, with no money from us have moved miles to put power now right all the way to Wutung. And the possibility of giving power to us at 18, 19 or 20 toea. Far reduction of over K1 we are paying.

The other day Mr Acting Speaker we had an issue that the Governor had indicated that Wewak town is on a shutdown. That is the same story, Tari town is on a shutdown and many of them power on and off because of the fact that the cost of diesel is high, and every now and then people in this centres do not have enough supply or customer based to ensure that money earned is put back into power generation in those centres.

In Vanimo right now there is an indication of a low priced power supply that we can source whilst we work on the hydro proposals, whilst we work on other internally ramped up power generation to deliver a better priced power and a reliable power to our people at the very earliest.

Vanimo to complement our focus on bringing timber downstream into that space to prepare process at export, we are targeting low cost and I would be very much pleased to look at the proposal that the member has submitted into National Planning Department to see how he can bring that hydro proposal into generating our own power and we could make redundant the plan to buy cheap power from our friends on the other side.

I want to assure the good member that it will never compromise the national interest, our national interest is protected in the same course. That's similar to Mr Acting Speaker, if you look today Singapore receives its water supply from Malaysia our nation next door supplies water supply to Singapore. They have been supplying for the last sixty years, they share infrastructure,

they share services living together and side by side within the context of a win win. They work to ensure that they support each other.

Today you go to the other side of the border, its growing, sadly in the last 48 years on our side we have not grown on our side of the border

Do we keep them locked like this? We have to find solutions whilst the National Government makes intervention for those contribution to get our people up and running. If there is an immediate solution and things like cheap power if it can be readily accessible on the other side we are looking into those MOUs we don't compromise on national interest, we secure the services. Whilst at the same time, it hasn't taken place yet but I just want to put to members of Parliament how hydro's can generate clean social power and in time we could reverse the supply back to the 300 million people on the other side, that can happen. So buying power from them or us selling power to them. In the future it is very much a good proposition that awaits to be tapped into just like we supplying our LNG for energy to other parts of the country we could be generating power from our own hydro's and selling back to Jayapura, Miraka or far North Queensland as we move into time

There's another space another question I want to assure this House there is nothing sinister, and nothing funny it's all in the interest of finding cheaper reliable power at the very earliest. This conversation is developing and an MOU is being looked at and the Member for Vaimo will be involved in this. He will have his opportunity to contribute into this space, but I want to also indicate another bigger issue a border treaty between Indonesia and Papua New Guinea, Western Provincial Government and West Sepik and our Foreign Affairs will be engaged in this work to look at how do we step up our border relations. Thank you Mr Acting Speaker

Mr BILLY JOSEPH – Thank you Mr Acting Speaker, my question without notice goes to the new Minister for Labour & Employment.

11/03

Firstly, Mr Acting Speaker, let me congratulate the Honourable Member and the people of Rai Coast and her Party, The People's First Party, for the elevation to a Ministry. I would also

like to congratulate the Marape-Rosso Government for acknowledging the question of gender equality in the Cabinet.

My first question is in regard to the unemployment crisis that we have in our country. I say an unemployment crisis because we have seen that 27, 000 young people lining up at a hotel for 28 positions. We have seen 5, 000 young men and women apply to join the Police force for only 500 positions. As leaders I think that we should accept that there is a real crisis for jobs in our country.

(1) Does the Minister have any plans to address this? I know it's not fair on the Minister as she has recently taken office but that is the question that I'm asking.

(2) Our people in our country are complaining that jobs that our people can do are been taken over by foreigners. Does the Minister have any plans in place to reserve jobs for our people?

Ms KESSY SAWANG – Thank you, Mr Acting Speaker. Firstly, on behalf of the people of Rai Coast as well as the 6 million women and girls of Papua New Guinea I want to thank our Prime Minister Honourable James Marape and the Marape-Rosso Government for appointing me as a Minister in his Cabinet. On that note, Mr Acting Speaker, we need more women in Parliament, two is not enough.

Now onto the question asked by the Member for Nipa-Kutubu, I took office for three weeks now but as you may have seen in the media, I have issued some statements around the very things that he's mentioned. And from the outset I want to place on record that the Marape-Rosso Government is very much aware of challenging times we are going through today as we deal with high inflation, low formal sector employment, the skills gap as well as the vulnerabilities and risks faced by a majority of our people who are in the informal sector.

So, as you may be aware, Mr Acting Speaker, recently the government has launched the Medium-Term Development Plan Four (MTDP4). And under the MTDP 4, the government has an ambitious but achievable plan of creating a million jobs by 2027 and the plan actually goes into detail where those jobs in each sector will come from. So, my job as the Minister for Labour and Employment is to come up with strategies to enable the private sector who actually drive employment. The government does not provide enough employment. So far, I have undertaken some work and the strategies that we will be looking at first and foremost is to review and amend our aging labour laws which my department is in charge of. There are about twenty-two of them

and seven statutory offices that come under my department and the laws are outdated. So, we will be looking at amending the labour laws. We will be looking at for instance the minimum wage currently at K3.50. We also are aware of the very big data gap. In order to make informed decision making and in order to have better policies, we need data. And one thing that shocked me was the lack of data in a lot of areas in our country.

12/03

So, data gap and how we can improve the labour market is one of the areas that I am looking at.

First and foremost, I will look at our policies again and have them align to the MTDP 4 and what the current government wants to achieve out of the MTDP 4. Some of those areas include access to employment, fair employment conditions, protection of workers and especially, in strengthening our government's dialogue and relationship with the private sector where we can employ our labour market conditions.

So, in terms of the question that he asked about the employment crisis, currently we have an employment crisis because our economy is not big enough to accommodate and provide income employment opportunities to our people, majority of which are our young people who are coming out of schools. There is also the labour gap.

So, in terms of the employment crisis, we have MTDP 4 that has outlined the areas where jobs can be created. And the government, like the Connect-PNG Program, the investments are in education that will address the skills gap and connect our areas in PNG, so the private sector can drive the employment creation.

Mr Acting Speaker, through you, can the Member repeat his second question because I wasn't able to take note of it the first time he asked?

Mr ACTING SPEAKER – Honourable Minister, I can ask the Honourable Member to repeat his second question for your benefit so that you can respond. Honourable Minister, please resume your seat whilst the Member repeats his question.

Mr BILLY JOSEPH – Thank you, Mr Acting Speaker. My second question was on the issue of job security where jobs that our people, Papua New Guineans, can actually do, are being taken over by foreigners. Job protection for our people.

Ms KESSY SAWANG – Thank you, Mr Acting Speaker. Our Prime Minister has made a public announcement that currently, there are about 41,000 jobs in the country that are in the hands of foreigners. One of my responsibilities is to ensure that 10,000 of that comes back to Papua New Guineans.

That is a big call and I have already tasked my department's Secretary to put together a committee to look into that. But I want to assure this House and Papua New Guineans that the Marape-Rosso Government is very keen on taking back jobs in the hands of foreigners and giving it back to Papua New Guineans. Jobs that are meant for Papua New Guineans must come back to Papua New Guineans.

I have already started dialogue with the extractive industry, especially with the Total Energy to have a nationalisation of the workforce in the National Content Plan. All of these will be delivered in my ministerial statement in the coming days, but I want to thank the Member for NK for his questions.

Thank you, Mr Acting Speaker.

Mr ACTING SPEAKER – For the benefit of the *Hansard*, Honourable Minister, you have to withdraw the statement and refer to the electorate as Nipa-Kutubu.

Ms KESSY SAWANG – Thank you, Mr Acting Speaker. I withdraw the statement and I confirm that the electorate is Nipa-Kutubu.

Mr Peter O'Neill – Point of Order! I have a supplementary question relating to the same issue. Can I ask that before the Prime Minister takes the honour of making his presentation?

Mr ACTING SPEAKER – Honourable Member for Ialibu-Pangia, our time has lapsed. You can reserve your right to do so tomorrow.

13/03

**MINERAL RESOURCES DEVELOPMENT CORPORATION –
ANNUAL REPORTS FOR THE YEARS 2019 AND 2020 –
PAPER AND STATEMENT – MOTION TO TAKE NOTE OF PAPER**

Mr JAMES MARAPE (Tari-Pori – Prime Minister and the Minister for Foreign Affairs)

– I present the Reports pursuant to statute:

*Annual Reports of the Mineral Resource Development Corporation for the years
2019 and 2020.*

I ask leave of the Parliament to make a statement in connection with the Reports.

Leave granted.

Mr Acting Speaker, I rise to table the Financial Accounts of the Mineral Resources Development Company (MRDC), and to make a statement to this Honourable House on the operations of one of our most successful State-owned management companies in the country.

Let me start with a brief history of the company.

History of MRDC, Mr Acting Speaker, the MRDC was founded by late Grand Chief Sir Michael Somare in May 1975, several months before our nation's independence on September 16, 1975.

The Grand Chief Sir Michael initially intended for the company to conduct explorations for mineral reserves in PNG, especially in the Star Mountain area of Western Province.

In the event of discovery, the company was to seek a partner to extract and export the minerals, to raise revenue for government to help fund the nation's development agenda. It was a noble intention by the Grand Chief as the nation's vast mineral, oil and gas potential was already known to the world then.

However, over the years the policy mandate of the company changed. MRDC became the nominee for State participation in the development of mineral and petroleum resources in the

country. The company was to hold a certain percentage of equity in the mineral and petroleum projects on behalf of the State. This included the interest of project area landowners.

In 1996, the Parliament passed the *Mineral Resources Development Company Pty Ltd (Privatization) Act*. Subsequently, the Chan-Haiveta Government launched Orogen Minerals Ltd. It was listed on the Australian Stock Exchange, with 49 per cent of its shares offered to the public through an IPO.

The State's interest in various projects including Porgera Gold Mine, Kutubu Petroleum Project, and Misima Mine were transferred to Orogen Minerals Ltd. MRDC retained 51 per cent of the listed company. The Orogen story only lasted six years.

Mr Acting Speaker, in 2002, as many of you would be aware or must be told, through a policy decision of the then Morauta Government, Orogen Minerals merged with Oil Search Limited. Oil Search took over all the State's interests in the various resource projects. MRDC's 51 per cent stake in Orogen Minerals was transferred to Oil Search Ltd as a result of the merger.

MRDC was left with only the participating interest of project area landowners to manage. MRDC's role as the sole trustee manager of landowner trusts in the petroleum sector was consolidated in law when the *Oil and Gas Act* (the Act) was passed by Parliament in 1998.

Under the Act, MRDC became the nominated trustee or shareholder of the corporate trustees of landowner resource trusts, which hold the participating interests and benefits derived from petroleum projects for and on behalf of the project area landowners.

For the Mining Sector, MRDC's relationship with its subsidiaries is through contract or agreement. MRDC investment and growth

Mr Acting Speaker, today, 48 years after its inception, MRDC is very much the success story Grand Chief Sir Michael Somare wanted it to be.

14/03

The MRDC Group consists of 14 different subsidiaries and 7 fully-owned investment companies.

The 21 different companies MRDC manages include 3 oil trust subsidiaries, 5 mining trust subsidiaries, 6 LNG Trust subsidiaries, and 7 investment companies.

They no longer manage any State interests; only interests belonging to the project area landowners and their respective provincial governments.

Governors of these provinces sit on the board of the corporate trusts in compliance with trust law, so that they have visibility of the progress and development of the trusts and their assets.

Mr Assistant Speaker, the law and the governing documents of each company give the MRDC Group a clear investment mandate. The MRDC Group's total investment portfolio has grown in value in the last 16 years. From K395 million recorded in 2006, the Group's investment portfolio has grown to K7 billion in 2022.

The portfolio of assets is well diversified, with investment in banking, airline, hotel and hospitality, healthcare, real estate and commercial office space, and power generation, amongst others.

Investments that the MRDC Group have major shareholding in include Bank South Pacific, the largest commercial bank in the Pacific region; airline companies PNG Air and Hevilift, companies which provide vital air travel cargo lift service in the country; and Pacific International Hospital, which is offering citizens modern innovative health care services.

Investments that the MRDC Group own 100 per cent include the Star Mountain Plaza, Dirio Gas and Power Ltd, the Pacific Property Trust, which owns prime real estate in downtown Port Moresby CBD, and Hohola Service Station, which is providing retail fuel services in the capital city.

The Star Mountain Plaza project introduced the iconic global brand Hilton Hotel into the country for the first time. It opened in 2018, making available its opulent facilities to support the Government's successful hosting of the APEC meetings and APEC Leaders' Summit in 2018.

MRDC's power company Dirio is today an independent power producer providing power to residents in the city of Port Moresby. It uses gas from the PNG LNG Project, a cleaner form of power generation than diesel powered generators.

It is the desire of our government to see Papua New Guineans getting into the energy and power generation space, and I commend the MRDC Group for this initiative.

I remember being invited to launch the project and switch on the power in November 2020, and I'm glad it is doing well today.

Mr Assistant Speaker, the MRDC Group employ thousands of Papua New Guineans, both directly and indirectly, in their businesses.

The company and its investment subsidiaries pay millions of Kina in corporate and salary income tax every year to the IRC. Since 2019, the MRDC Group has paid in excess of K1 00 million in taxes to the IRC each year.

Two months ago, MRDC's biggest subsidiary, Petroleum Resources Kutubu (PRK) and the IRC completed a legacy tax liability issue amounting to K 120 million.

I want to commend MRDC and PRK for reaching an amicable resolution with IRC, and clearing those liabilities owed to the State.

Mr Assistant Speaker MRDC has a very robust Community Infrastructure Development program which it implements in project area communities to improve availability or access to vital services and enhance quality of life.

MRDC and its trust subsidiaries retain a portion of royalty and equity benefits of 30 percent to deliver these programs, targeting education, health and transport facilities and infrastructure in these areas.

As you know, project area landowners live in some of the most isolated and remote parts of PNG where access is very limited, and government services almost non-existent.

People in places like Semberigi, Kutubu, and Kikori benefitted from the work of early missionaries and churches before the resource projects were discovered. Schools and aid posts that were built in the past were closed or in dilapidated state.

15/03

Mr Assistance Speaker, should I add in here, last Christmas I had a privilege of driving from Tari all the way down to Kikori. The Minister for Public Service and Minister for Labour and Immigration were traveling together with me in the car. It is not road worthy to relate to a project area that has pumped in millions and millions into our economy. However, in the absence of the government interventions, the MRDC stepped in with 30 per cent money that belongs to them in doing some of their social and community works.

MRDC is now rebuilding them or building new ones along the project footprint area. According to records provided to me, a total of K50 million has been spent in the last 10 years to try our best to enhance people's livelihood. Health centres were built in Paua in Moran and a rural hospital built in Porebada now serves the Hiri people there. A water supply project costing K4 million was built in Rumginae in Western province to supply the oldest mission station, a

hospital and the surrounding communities in the area. New classrooms and teacher's houses have been delivered to schools in plant site villages outside Port Moresby and schools in Kikori and Semberigi, Kutubu and Moran in Southern Highlands and Beneria in Hela province to name a few.

Just last month, MRDC opened a new computer laboratory for students attending Kikori Secondary school in the Gulf province and it is powered by a solar system supplying 20 hours' power. The facility is providing learning material, including an e-library that were previously not available to the students there in Kikori.

Such interventions will lift standard in those remote villages and bring learning to project area students on par with those in cities and towns. Hopefully, this will stop the migration that many of us are concerned today.

MRDC plans to build a similar computer lab with e-library facility in Semberigi, Kutubu, Moran and in the greenfield PNG LNG license areas in Hela, Gulf, Central and Western provinces. It is MRDC's goal to ensure no child in these project areas are left behind and I fully endorsed their vision.

Financial Statement and Audits

Mr Assistance Speaker, on December 15 last year, I received the MRDC Board and management the Audited Financial Report MRDC for the year 2019. The audit was carried by the Auditor General of Papua New Guinea in conjunction with the internationally recognised firm, Deloitte.

For the first time, in the company's 47-year history, the audit opinion was clean and unqualified, meaning the accounts and the records were properly stated and there were no mis-statements. And I repeat, for the first time, part of the cleaning up we are doing all over the place. As trustee shareholder, upon assuming office, in some of the instructions that I have passed including MRDC to account for the company's operation and this is the work of such instructions.

This is a major achievement for MRDC in terms of its adherence to compliance and governance requirements, and I want to commend MRDC management under the leadership of Managing Director Mr Augustine Mano for not only building the company up to a K7 billion company, but for the first time in his many years, putting forth report to our people's House so

that people could have a look and read through and accountability to the public and more importantly, the shareholders and our land owners in the project areas.

Mr Assistance Speaker, the audit of MRDC's 2020 financial statement has also been completed by the Auditor General of PNG in conjunction with audit firm Ernst and Young.

This was presented to me and I have now tabled before this house.

For a second successive year, the Auditor General's opinion of MRDC's accounts is that they are clean and unqualified. This means that MRDC's accounts are fairly stated, no material matters exist to qualify them, and proper records were kept. As the trustee shareholder of MRDC, I am aware that the board and management of the company had a robust audit plan in place, but this was significantly affected and prudent implementation was delayed due to disruptions brought about by the COVID-19 Pandemic from 2019 to 2021.

However, renewed effort is being made to re-acquire the audit schedule and that the audited financial accounts for MRDC for the years 2021 and 2022 will be completed this year and I look forward to receiving those.

The audited financial accounts for all the subsidiary companies under MRDC management will be presented to MRDC as the registered shareholder. For the oil and LNG subsidiaries, their audited accounts will be presented to the Minister responsible for the *Oil and Gas Act* as required by the respective trust deeds.

16/03

The audited financial accounts for all the subsidiary companies under MRDC management will be presented to MRDC as the registered shareholder. For the oil and LNG subsidiaries, their audited accounts will be presented to the minister responsible for the *Oil and Gas Act* as required by the respective trust deeds. And most importantly, the audited financial statements will be presented to the beneficiaries of the trusts; the project area landowners.

Mr Acting Speaker, in the past, we have seen criticisms in the mainstream and social media regarding the company but most of these criticisms are ill-informed and unjustified. The Board and Management of MRDC, comprising dedicated and diligent Papua New Guineans have been working hard to ensure the governance framework is very solid.

The *MRDC Authorization Act*, I introduced on June 9 2020, which this House passed further strengthens that robust governance framework for the MRDC Group. It clearly re-

emphasizes the trust structure which are in place, and more importantly the independence of the boards of each of the corporate trustees. The act also clearly defines that the funds held by these trusts are not public funds, but funds belonging to an identified group of beneficiaries specific to each project.

Mr Acting Speaker, I should also point out here for the benefit of the House that while MRDC is a state-owned company, it does not receive any grant or subsidy from the government to fund its annual operations. Instead, MRDC's income is generated through management fees which are paid every year by each of the subsidiaries it manages, pursuant to a management agreement. It is also supported by revenue from some of its own investments it has undertaken over the years. And Mr Assistant Speaker, may I add on that this is a company that should be the pride of many Papua New Guineans. If you think we cannot do it; we have grown this from a K3 million asset-based company in 2006, until now to over a K7 billion worth company.

Mr Assistant Speaker, to conclude, I want to express my profound gratitude to the MRDC Board and management of today, and of yesteryears, for the contribution the company has made to the growth and development of the country through the provision of professional management service to the project area landowners in Western, Hela, Southern Highlands, Gulf, Central and Madang Provinces. I welcome all other project area landowners; the combined balance sheet of a bigger company is better than individual small companies. Your presence in all the major sectors of the economy, through your investments, shows you are a serious major player in the growth and prosperity of the nation.

MRDC is a company that reflects the true legacy of Somare's desire for this Nation and her people to create wealth from our own resources and take control of our own destiny.

Mr Assistant Speaker, thank you very much for your time.

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

That the Parliament take note of the Paper.

Debate adjourned.

**SPECIAL PARLIAMENTARY COMMITTEE ON HEALTH MATTERS –
PRELIMINARY REPORT ON THE FACT FINDING MISSION TO ASCERTAIN THE
STATUS OF THE HEALTH FACILITIES IN THE NATIONAL CAPITAL DISTRICT,
EAST SEPIK AND EASTERN HIGHLANDS PROVINCES –
MOTION TO TAKE NOTE OF PAPER**

Mr ELIAS KAPAVORE (Pomio – Chairman Special Parliamentary Committee on Health Matters) – Honorable Members, I present the following paper pursuant to statute:

The Parliamentary Preliminary Report On the Special Parliamentary Committee on Health Matters on the Fact Finding Mission to Ascertain the Status of the Health Facilities in the National Capital District, Port Moresby General Hospital of the Heart and Cancer Facility, East Sepik and Eastern Highland Provinces and the Recommendations from the Department of Health.

Mr Assistant Speaker, I ask leave of the Parliament to make a statement in connection with the report.

Leave granted

Thank you, Mr Assistant Speaker, it gives me great pleasure to present to this honourable House and these esteemed leaders the preliminary report on the various activities undertaken by the Special Parliamentary Committee on Health Matters.

17/03

Mr Assistant Speaker, the Prime Minister, Hon. James Marape in his address on 9th August 2022 as the 8th Prime Minister of the 11th Parliament said in his speech, and I quote "The lives of our people will not be compromised. We will give you top priority. The greatest gift to our people as we celebrate 50 years will be to improve our health system. By 2025, we do not want Papua New Guineans to go overseas to look for health services. We worked hard to establish and invest into building the Port Moresby Heart Facility. Major demands for Tertiary

health care are in heart, kidney & all forms of cancer. We must respond to this demand. We must be able to do open heart patient care, dialysis, and transplants in our facilities complimented by highly trained professionals. " Unquote.

Mr Assistant Speaker, the Special Parliamentary Committee on Health Matters was established by Parliament on 19 January 2023 and committee members sworn in on the 20 January 2023. The Committee Members include; Honourable Freddie Kumai, Member for Talasea, Honourable Jacob Maki, Member for Mul-Baiyer, Honourable Ricky Morris, Member for Alotau, Honourable Lohia Boe Samuel, Member for Moeresby North West, and the Honourable Fr Francis Dumarinu Member for Central Bougainville and myself as Chairman. We commend the Marape-Rosso Government for the establishment of this committee, the first since independence. The Committee is supported by the Parliamentary Committee, the staff of the Parliament Michael Kunjil, Director Standing Committees, Anderson Anda, Committee Secretary and Charles Tumba, Administrative Support. And we thank the Parliament Clerk for the funding support that has made this report possible.

Mr Assistant Speaker, the establishment of the Committee demonstrates the government's commitment to promoting the health and well-being of the country's population. By establishing a dedicated committee focused specifically on health-related issues, the Government aims to address some of the critical challenges currently faced by the country's healthcare system. The Committee recognizes the significant challenges facing the healthcare system in Papua New Guinea, and the government's role in addressing these challenges cannot be overstated.

Mr Assistant Speaker, the visits by the Members of the Committee were an excellent opportunity for them to experience first-hand the provision of healthcare services in NCD and the provinces rural settings and appreciate different levels of health facilities available to our population.

Mr Assistant Speaker, the Committee noted that the delivery of frontline primary healthcare and specialist services remain a challenge, with issues ranging from functionality and capacity of rural health post and centres, including addressing acute shortage of different cadres of health professionals, revamping the medical supply system, and increasing response and management of disease outbreaks like the Covid-19 pandemic. PNG still has much to do to meet its international obligations towards health care, especially the Sustainable Development Goals, 2030, (3) for health and wellbeing for all'.

Mr Assistant Speaker, according to a report from Rural Primary Health Services Delivery Project under Australian Development Bank (ADB); “The health status of the people of Papua New Guinea has deteriorated over the past two decades due to severe neglect of the health system, especially in the rural areas, where 87 per cent live. An estimated 40 per cent of the rural health facilities have closed or a not fully functioning. Limited resources, deteriorating infrastructure, poorly trained and lack of appropriate manpower in the health sector and inadequate and declining access to basic health services are among the reasons for the decline” Unquote.

Mr Assistant Speaker, this statement with the attached report and recommendations describes briefly, visits and meetings the committee has undertaken over the past four months of this year.

Mr Assistant Speaker, the Committee visited the Gërehu Hospital and Port Moresby General Hospital (PMGH) on 2 February 2023 and did site inspections of the cancer and heart facilities. The Committee also visited the Port Moresby General Hospital (PMGH) on Thursday, 2nd February 2023, and did site inspections of the Cancer and Heart facilities after which the Committee had a brief meeting with the Chief Executive Officer (CEO) and his senior executive managers (SEM) at Port Moresby General Hospital.

On the 3 February 2023, the Committee met with the Senior Executive Management from the National Department of Health (NDoH), the National Capital District Provincial Health Authority (NCDPHA) and the Port Moresby General Hospital (PMGH) at the State Function Room. It was noted that this was the first ever meeting to have with the National Department of Health (NDoH), National Capital District Provincial Health Authority (NCD PHA) and the Port Moresby General Hospital (PMGH) management team together in one venue discussing health issues in National Capital District (NCD).

18/03

Mr Assistant Speaker, the Committee visited East Sepik Province on the 22nd to 26th of May 2023. On 23rd May 2023, the committee had a meeting with the East Sepik Province PHA Chairman, CEO, the management team and the Deputy Provincial Administrator of the province. The Committee later took a tour of the new Boram Specialist Hospital.

The committee travelled to Maprik District on 24th May 2023 and along the way visited the level-one health facility at the Huliwa Aid Post in Yangoru-Saussia District, visited the Maprik District Hospital and on its return to Wewak, visited the level-two Naremko Community Health Post, Maprik District, along the Sepik Highway and to Ambunti-Drekikir District on May 25th, 2023.

Mr Assistant Speaker, the committee visited Eastern Highlands Province from 2nd to 3rd June 2023, during which we met with the Governor, Honourable Simon Sia, the PHA team and the Medical Research Institute. The committee did a facility tour of the Goroka Provincial Hospital new hospital wing. And on the 3rd June 2023, the committee visited urban clinics in Goroka Town and the Asaro Health Centre.

Limitations

Mr Assistant Speaker, the committee is concerned about the lack of response by the Department of Health towards the work of the Special Parliamentary Committee on Health Matters. It was concerning that the committee received very little response from the department to our requests.

Mr Assistant Speaker, the committee notes that the court challenges, especially election petitions, have significantly impeded the performance of the members of this parliamentary committee ultimately hindering the overall functioning of the committee.

Mr Assistant Speaker, funding support requested by the committee to the Treasury has not been released to date. The funding delay has affected the committee's ability to efficiently carry out our vital duties and responsibilities.

Mr Assistant Speaker, the committee upon visiting the Gerehu Hospital gave directive to the Department of Health for compulsory facility survey and accreditation for Gerehu Hospital and other health facilities within NCD. We confirm receiving the survey report of Gerehu Hospital on Tuesday 13th June 2023, which we will make available copies to NCD Governor and the local members of Parliament.

In general, all ratings under the accreditation criteria, that is leadership and management patient care, management information system, human resource, environment and general commitment to improving the services provided, are all below 60 per cent or performing well below the expected level as a provincial hospital. The committee urge NDoH and NCD to attend to these matters raised in the accreditation report as a matter of priority.

Committee observations and assessment on NCD PHA

Mr Acting Speaker, there are no governance boards in place and there are 26 urban clinics distributed within the three electorates of NCD. Of the 26 clinics, 10 are government run facilities and 16 are non-government run facilities. So, the NCD PHA are only looking after 10 facilities.

Mr Assistant Speaker, we note that there 575 positions filled from the 588 positions. We note specifically, that there are 22 medical officers attached with NCD PHA. It is obvious that the skilled manpower is not fully utilised at Gerehu Hospital and NCD. There are 22 specialist medical officers at NCD PHA who are underutilised. The Committee noted that vital clinical services are lacking in this hospital, especially the absence of basic birthing facility is concerning.

Committees observation and assessment on PMGH

PMGH is a level-six hospital in the country providing specialised health care. However, with the decline and unavailability of primary and secondary health care in NCD, Central and Gulf provinces, PMGH cannot fully function as a level-six hospital. Services at the urban clinics are sub-optimal and lack in-patient facilities, hence, the bulk of the city's population and Central Province are forced to seek all categories of health services at PMGH.

The demand for mortuary services has increased with the increasing population. The PMGH mortuary does not only accommodate in-patient deaths, but also provides storage of bodies from deaths outside of Port Moresby hospitals. The Committee considers that death outside of PMGH is the responsibility of the City Council.

Mr Assistant Speaker, PMGH is now the level-six national specialist referral, teaching and research hospital under the National Health Plan 2021 - 2030.

19/03

PMGH is expected to provide specialised health care services in heart, kidney, gastroenterology, cancer advanced critical care, maternal and neonatal etcetera. So, our people or citizens do not have to travel overseas to seek those highly specialised services.

Mr Acting Speaker, the current *Public Hospital Act of 1994* which PMGH is operating under does not enable it to deliver the expectations. The Specialist Hospital Bill needs to be enacted. Medical professionals are expensive to hire and maintain; therefore, the public services

salary structure needs to be reviewed to accommodate for the recruitment overseas and also to retain specialised Papua New Guineans.

Mr Acting Speaker, the committee noted that focus now be made on the three district hospitals in NCD as an immediate action for the next two years based on the utilisation of the three Level 4 district hospitals and the existing urban clinics in NCD. Assessments can then be made to determine the appropriate design for the Level 5 NCD hospital. So, Mr Acting Speaker, we are stressing on a district hospital rather than a Level 5 hospital with this report. Mr Acting Speaker, the committee is convinced after seeing the established referral pathways between the urban clinics and the Goroka hospital in the Eastern Highlands Province but also considering the financial and the operational aspects of Level 5 hospital construction, recommends for the construction of Level 4 district hospital and improved role delineation and referral pathways to PMGH. NCD Level 5 health facility can be considered in the medium- and long-term plan.

Kumul Petroleum National Heart Centre, Mr Acting Speaker, consistent with the national government priority of addressing the emerging lifestyle diseases related to the heart and cancer, the Government of PNG allocated K25.5 million to PMGH in 2018 and 2019 through the Public Investment Program fund to develop a comprehensive heart and cancer centre. Mr Acting Speaker, the committee noticed the MOA signed between the PMGH and Kumul Petroleum Holdings Limited on August 19, 2020 for a funding of K50 million for a period of five years of K10 million annually to allow the project to continue. The cardiac outpatient was fully upgraded, completed and secured with general electrics cardiac equipment. The facility has since served 2, 000 patients. The committee noted a submission made to DPM which is yet to be approved for the human resources structure for their Cardiology Unit. The Committee noted funding of support of K50 million received from KPHL and K12 million funding from PIP for the year 2022 for the Heart Centre. Between 2021 and 2022 the CatLab took a total of 703 cases. Mr Acting Speaker, in 2022 the cardiac outpatient received and diagnosed over 1, 600 patients mostly between the ages 1 and 11 years old and young adults between the age of 21 and 31. The committee noted PMGH working towards establishing a standardised or stand-alone national heart centre. With regard to cancer facility, Mr Acting Speaker, the committee noted the Government of PNG's initial allocation of K15.5 million to PMGH in 2018-2019 through the PIP program to develop a comprehensive cancer centre. Planned cancer centre will be a dedicated health care facility that offers specialised cancer services designed to international

standards to offer affordable specialised cancer services to all Papua New Guineans and to reduce the need for our people to travel overseas. Mr Acting Speaker, the only Cobalt 60 cancer facility therapy at Angau hospital for our people of PNG ceased operating four years ago. WHO guidelines recommend at least one external beam therapy per million populations. The committee notes that the incidence of cancer in PNG is fully documented and believed to be grossly underestimated. Mr Acting Speaker, the committee notes that delay in signing of PMGH contract may inevitably defer completion of the project. The committee noted that recruitment of two oncologists, two medical physicists, radiation therapists, trained nurses undergoing concurrent training with facility construction. Mr Acting Speaker, as we approach our 50th Anniversary, the committee is of the view that having a fully equipped and functional, world class cardiac operations theatre complex connected to Cath lab and fully completed cancer facility at PMGH will be considered the greatest gift to our people.

20/03

The East Sepik Province Health Authority (ESPHA).

Mr Assistant Speaker, East Sepik PHA serves a population of about 433, 481 in accordance with 2011 census and covering a total square kilometer of 43,700 making it one of the largest and geographically challenged areas to provide health services.

Health services within the districts are delivered through 334 health facilities; comprising one provincial hospital, 40 health centers, 4 community health posts and 281 aid posts in which 250 of them are currently closed due to manpower shortage.

The Committee is aware that ESPHA is working closely with the District Development Authorities to rebuild or open the 250 Aid posts that have been closed, including staff houses.

Mr Assistant Speaker, the Boram Specialist Hospital is an 80-bed hospital located in Wewak East Sepik Province. It was officially opened on 27 March 2023, by the Prime Minister, Hon. James Marape. The hospital was built at a cost of K210 million by VAMED, a global provider for hospitals and other facilities in the healthcare sector.

Mr Assistant Speaker at this gesture I acknowledge the work that was done by the former CEO, the late Mr Mark Maladu in this regard. The committee noted the approved structure of 526 and vacancies of 270 (30 medical officers, 12 HEOs, 215 nursing officers, 169 CHWS, 38 Allied Health Workers, 14 pathology technicians and 38 support staff.

Maprik Level Four (4) District Hospital

Mr Assistant Speaker, Maprik District Hospital is centrally located to serve other districts.

The committee noted with concern the lack of progress on Maprik District Hospital building a project that has remained incomplete for the last seven years.

The committee acknowledged the funding support from the local Member Honourable Gabriel Kapris from DSIP towards this particular project.

Level Three (3) Ambunti Health Centre

Mr Assistant Speaker, Ambunti-Drekikir is regarded as the disadvantaged district amongst six districts of East Sepik Province, mainly due to its geographical setting and high transportation costs. Despite these difficulties, the district hosts the first ever Level three (3) fully furnished health facility in the country.

The committee commended the Rural Primary Health Services Delivery Project under ADB for this important project in one of our most remote communities. This is a success story that must continue, as the way forward in improving primary health care and making quality health care accessible and affordable to our rural communities. This facility brings hope and confidence to our people.

The committee noted that the recruitment of a medical officer, radiology, laboratory, and dental, pharmacy technicians, residence medical officers, trainee nurses and HEOs who are currently attached at the Ambunti Health Centre because of improved facilities. This is the way that we can bring in the specialist team to our rural communities when we have improved infrastructures.

The committee recommended for the immediate commissioning of this facility for it to be fully operational to serve our people. We acknowledge the support from the local MP Honourable Johnson Wapunai and the beautiful people of Ambunti-Drekikir and those living along the Sepik River for their support to this important project.

Huliwa Aid Post is in Yangoru – Saussia District

Mr Assistant Speaker, Huliwa Aid Post The committee noted that ESPHA has established a Service Partnership Agreement with the Catholic Church to manage this important facility. The Committee encourage such partnership to be done with many other PHAs.

Naramko Aid Post

Mr Assistant Speaker, Naramko Community Health Posts (CHP) Level Two (2) Health Facilities Naramko community health post in Maprik District is one of the four successfully completed community health posts under the Rural Primary Health Infrastructure project by the ADB. This facility is at the strategic location along the Sepik Highway.

The committee noted the manpower needs with the ESPHA structure that has been approved by DPM and recommend for advertisement and recruitment.

Eastern Highlands Provincial Health Authority

Mr Assistant Speaker, the committee noted there is no PHA Board for the past six months. Eastern Highlands province has a population of 579,825 and constitutes of six districts. The Committee noted that the rehabilitation of the Goroka Provincial Hospital was funded through PIP and successfully constructed and completed by VAMED.

21/03

The Committee noted that EHPHA has a ceiling of 1 021 positions after implementing the proposed restructure, which was approved by DPM in 2020, however, staff on strength now is 702. I announce that the request for the advertisement of the 317 was approved by DPM in June 2023 when this report was written.

Goroka Provincial Hospital.

Mr Assistant Speaker, the Committee noted poor wastes disposal pathway and recommend for this to be improved as a matter of priority. It was noted that the incinerator brought by the NDoH two years ago is still awaiting installation.

Mr Assistant Speaker, the Committee heard that some doctors and health workers who were unsuccessful in the 2022 NGE remained unemployed to date, due to the amendment of *section 55 of the Public Service Management Act*.

Lopi and Goroka North Urban Clinics

Mr Assistant Speaker, the Committee was impressed with the referral system implemented by the two town clinics (Lopi and the Goroka North) where they exist as the first point of contact for any case needing referral to the Goroka Hospital Emergency Department. The committee noted that this is one critical arrangement lacking in the NCD and the surrounding Central and Gulf provinces resulting in continuous overcrowding at PMGH Emergency Department.

National Department of Health

Mr Assistant Speaker, the Committee requested information from NDoH, 3rd February 2023; the Regulations for the *Provincial Health Authority (PHA) Act 2007*, PHAs status and their performances, facilities accreditations for all facilities in the country, and timeline to implement the stand-alone Medical University.

Mr Assistant Speaker, The Committee acknowledged receiving the accreditation report for Gerehu Hospital from the Secretary. However, there has been poor response from NDoH to other requests.

The Committee noted that only 7 PHA Boards are in place and strongly recommend for immediate establishment with no further delays for good governance.

Mr Assistant Speaker, a request letter dated 06th April requesting for the Technical Advisor, Health Standards and Health Facilities Manager to accompany the Committee to East Sepik Province to inspect the health facilities there were ignored, with no feedback from the Secretary's office. The Committee is quite concerned and recommends that NDoH Secretary adhere to instructions.

Mr Assistant Speaker, recommendations based on the visits made by the Committee, interviews conducted, consultations, research, submissions received and general observations, the Committee recommends the following;

A. National Capital District Provincial Health Authority

1. That the National Capital District Provincial Health Authority to undertake immediate facility accreditation for Gerehu Hospital and all health facilities in NCD from level 1 - level 4.
2. That the NCDPHA Board line with Section 28 (2) of the *Provincial Health Authority Act 2007* submit to the Minister for health and the Governor of NCD the annual report for 2022 and copy of the report be made available to the Committee immediately.
3. The government to establish three level-4 district hospitals North-East, North-West and South electorates of NCD within two years and assess services utilization and referral pathways before construction of level 5 hospitals in NC D.

B. Port Moresby General Hospital

4. That the GoPNG look at introducing the National Specialist Referral Bill to Parliament as soon as practicable.

5. That the GoPNG to review the Port Moresby General Hospital Salary Structure to upgrade salary for its employees. .

6. That the National Capital District Commission to assist PMGH by taking over the function of providing mortuary services to people who have died outside of PMGH.

7. That the National Planning and Treasury to approve and release the (73 million PIP funding requested in the 2023 budget for support infrastructure that will deliver cardiac, cancer and other specialized services.

C. East Sepik Provincial Health Authority

It is recommended that ESPHA request for manpower to DPM to be approved with funding allocated as a matter of priority. This will enable the operation of the newly completed Boram Specialist Hospital, Ambunti Health Centre and the newly competed Community Health Post.

22/03

(9) That NDoH install an incinerator for the newly constructed specialist hospital as a matter of priority.

(10) That the NDoH to work in consultation with appropriate stakeholders, commit funding and complete the Maprik Level 4 hospital within the next two years. This project will complement the increasing economic activities within the Maprik district.

(11) That the newly constructed Level 3 Ambunti Health Centre be commissioned immediately without further delays by the NDoH.

(12) That the GoPNG consider subsidizing operational costs for the Good Samaritan Aviation and Mission Aviation Fellowship who are currently providing services to our rural communities in this particular province.

D. Eastern Highlands Provincial Health Authority

(13) That the NDoH appoint the Eastern Highlands Provincial Health Authority Board as soon as possible.

(14) That the Department of Personal Management in liaison with the Department of Finance, funds the approved 317 positions submitted by the EHPHA and advertisement of the positions should be made as soon as possible.

(15) That the Conservation and Environment Protection Authority (CEPA) to lease with NDoH and EHPHA and immediately give clearance for the installation and use of the new incinerator at the Goroka Provincial Hospital that's been waiting for the last two years to be installed.

(16) That the government review and revise the *Public Service Management Act Section 55* to allow for doctors, health workers and essential workers to re-enter public service.

E. National Department of Health (NDoH)

(17) That the NDoH provide to the Parliament a regulation for the *Provincial Health Authority Act 2007*, the *Tobacco Control Act 2015*, the Radiation Safety Control Bill 2019, by end of this year.

(18) That the NDoH conduct immediate level 5 facility accreditation for all hospitals in the country to ascertain their level of performance.

(19) That the NDoH conduct immediate facility accreditation for all level 1-4 health facilities in the country.

(20) That the NDoH come up with an implementation plan to make Medical Faculty a standalone university and the copy of the plan be made available to the committee immediately.

(21) That all PHA Board in line with *Section 28 (2)* of the *Provincial Health Authority Act 2007* submit to the Minister for Health and the relevant Governors of Provinces annual reports for 2022 and copies be made available to the committee immediately.

(22) That the NDoH provide an update on the performance of all PHAs in the country and a copy of the report be made available to the Committee.

(23) That the NDoH have in place Health Workforce Plan to complement NHP 2021-2030, as a matter of priority.

(24) That NDoH must have a standardized PHA structure based on the requirements of the levels and role delineation as per the National Health Standards.

Conclusion

Mr Assistant Speaker, access to our primary health care (PHC) facilities from L1 (Aid Post) to L4 (District Hospital) is essential for achieving universal health coverage, reducing health disparities and improving health outcomes for individuals and communities. The Committee noted that 87 per cent of our people still live in rural areas. This means strengthening

PHC systems, which is the first point of contact for healthcare services as it focuses on prevention, early detection and management of common health problems.

Mr Assistant Speaker, after visiting the L2 community health posts and L3 Ambunti Health Centre, we have formed our strong views that the infrastructures upgrade for PHC (L1-L4) must be standardised and managed through the Rural Primary Health Services Delivery Project under ADB who have a successful track record of completing their projects.

Mr Assistant Speaker, on the same token, the Level 5 Provincial Hospitals and the L6 Super Specialist Hospital infrastructures upgrade can be undertaken preferably by VAMED who have also proven useful track record for Goroka and recently at Boram Hospitals. The Committee noted the Bio Medical Service agreements which they have with the respective PHAs for up to five years after the commissioning.

The committee valued the ongoing partnerships especially the churches and in the case of East Sepik, the Good Samaritans and MAF who continues to deliver health care to the most remote parts of our country.

The visits undertaken to the above facilities and provinces were based on invitations.

We acknowledge receiving invitations from Members of Parliament to visit your respective PHAs and hence, we will ensure similar visits will be undertaken to the above facilities and provinces were based on invitations.

23/03

Special Parliamentary Committee on Health Matters is of the strong view that the Government gives special considerations to the attached report and support the committee with the recommendations provided.

I move –

That the report and its recommendations be adopted.

Mr RAINBO PAITA (Finschhafen – Minister for National Planning)) –I move that the Parliament take note of the paper.

Debate adjourned.

**DEPARTMENT OF PERSONNEL MANAGEMENT PNG GOVERNMENT PAYROLL
DIAGNOSTIC REVIEW – FINAL REPORT, JUNE 2023 – PAPER AND STATEMENT –
MOTION TO TAKE NOTE OF THE PAPER**

Mr JOE SUNGI (Nuku – Minister for Public Service) – I present the following paper pursuant to statute;

Final Report relating to the Payroll Diagnostic Review by the Department of Personnel Management.

I ask leave of Parliament to move a statement in connection with the report.

Leave granted.

Mr Assistant Speaker, I rise today to deliver a ministerial statement on the critical findings and complementing recommendations of the Human Resource Payroll Audit conducted on the integrated Human Resource Payroll System for the Government of Papua New Guinea. The purpose of this statement is to inform this Honorable House and the citizens of our country about the outcomes of the audit and the steps taken to address any identified issues.

At this juncture, before I proceed on to my statement I would like to take this opportunity and time to acknowledge the good work and effort of the Special Parliamentary Committee on Public Service Reform and Service Delivery headed by the Governor of Northern, Honourable Garry Juffa and this committee for pushing for this Audit Report to be completed and presented to the Government.

Mr Acting Speaker, in recent months, the Government, in its commitment to accountability and good governance, initiated this independent Human Resource Payroll Audit of

the Integrated Human Resource Payroll System. The audit was carried out by Deloitte Touché Tomatshu, a reputable and experienced auditing agency, tasked with assessing the system's effectiveness, efficiency, and compliance with relevant regulations.

Mr Assistance Speaker, Deloitte Touché Tomatshu undertook the review of the Ascender Pay Integrated Human Resource Payroll System, approved by the NEC with the following Terms of Reference;

(1) Undertake a review of the current Ascender Pay IHRP System to determine whether it is suitable for GoPNG needs and provide other options available in the market to address public sector requirements;

(2) To identify the cause of over expenditure on personnel emoluments budget and identify immediate mitigating action/ s to reduce the over expenditure.

24/03

(3) To assess the effect of the devolved HR decision powers to line agencies to manage specific human resource processes and provide appropriate recommendation for improvement.

Mr Assistant Speaker, before I present the key findings of the audit, I would like to inform the House that the Deloitte Audit Report has been presented officially to the Prime Minister on 15th June 2023 in the presence of the Chairman of the Special Parliamentary Committee on Public Service Reform and Service Delivery, Hon. Garry Juffa, Minister for Treasury, Honourable Ian Ling-Stuckey, Deputy Chairman, Honourable Elias Kapavore, Chief Secretary and Secretaries of Treasury, Finance and Department of Personnel Management.

Mr Assistant Speaker, I intend to take you through the eleven (11) Key Findings, recommendations and introduce the strategy that the Department of Personnel Management has embarked on to implement the recommendations holistically.

Key Findings from the Deloitte Audit Report

The audit team conducted a thorough review of the human resource payroll system and identified several key findings:

(1) Data Accuracy: The audit highlighted certain instances of inaccuracies in employee data, such as outdated records, incorrect designations, and duplicate entries. These inaccuracies have resulted in occasional errors in payroll processing.

(2) Internal Controls: While the system has some internal controls in place, the audit revealed areas where these controls could be strengthened to prevent fraudulent activities and enhance data security.

(3) System Performance: The audit team observed occasional system performance issues during peak times, leading to delays in payroll processing.

(4) Compliance: The audit identified minor non-compliance with certain government payroll policies and procedures.

Mr Assistant Speaker, the following specific findings were highlighted as critical and high risk;

1. Lack of consistent IT audit and lack of implementation of recommendations from previous IT audits

2. Demarcation of functions (Conflict of interest, like one department doing everything from the system administrator to the control and running payrolls. And this does not include Department of Personnel Management, it's the Department of Finance)

3. Critical need to upgrade the Ascender Pay IHRP System (System Application Version unsupported and obsolete, the current one that is the Alesco Payroll System)

4. Lack of training for HR and IT officer's systems for the system users. Lack of automatic calculations in the Ascender Pay IHRP System

5. Leave records are not updated on the Ascender Pay IHRP System

6. Large amounts paid every fortnight (e.g. higher than 100,000 PGK) are not thoroughly reviewed

7. There are inconsistent salary grades across public agencies

8. Lack of implementation of disciplinary actions

9. Operational funds (Goods and Services) used to pay personnel emoluments

10. Lack of data validation and data cleansing

DPMS Implementation Strategy based on this Report

Mr Assistant Speaker, I assure this Honourable House and the citizens of the country that the Government takes these findings seriously. Immediate actions have been taken and will continue to be implemented to address the issues raised in the audit report.

25/03

(1) Data Cleansing

A comprehensive data cleansing exercise is currently underway to rectify inaccuracies and ensure that the employee records in the human resource Payroll System are up-to-date and accurate.

(2) Strengthening Internal Controls

The government is collaborating with experts in the field to enhance the system's internal controls, ensuring better security and prevention of fraudulent activities.

(3) System Upgrades

To address the performance issues, the government has allocated resources to upgrade the HR Payroll System's infrastructure and optimize its performance during peak times.

(4) Compliance Measures

Measures are being put in place to ensure full compliance with government payroll policies and procedures to maintain transparency and fairness.

Mr Assistant Speaker, key recommendations have emanated from the audit report and I would like to inform this Honourable House of my department's strategy to implement recommendations in a coordinated and consolidated approach. The Department of Personnel Management has developed an implementation strategy, 'The Digital HR Transformation Program'. This program aims to deliver the outcomes of the audit recommendations.

Mr Assistant Speaker, the Digital HR Transformation Program is partitioned into four key components;

(1) Version Upgrade of the current Ascender Pay Integrated HR Payroll System

(2) Automation of the General Orders, commencing with G03 which is to deal with recruitment, selection and appointment. We are now going into e-recruitment or electronic recruitment.

(3) Automation of HR business processes and work flows commencing with employee leave process

(4) Digital HR reporting for whole-of-government

Mr Assistant Speaker, in terms of immediate implementation, I want to inform this Honourable House that this Government is now trying to address legacy issues of the past, and controlling costs in the public service and the payroll system is one of them, hence the Deloitte Audit Report must be acknowledged and appreciated.

However, it was noted that further assessments were done on the independent audit report and revealed some limitations that the audit report did not cover and noting the sensitivity of this audit as well. it is a bit sensitive so we will deal with that internally.

Mr Assistant Speaker, it is therefore important to highlight that the National Executive Council has approved the report and the establishment of a Ministerial Steering Committee comprising of myself as Chairman, and members including Ministers for Treasury, Finance and Information Communication and Technology. The NEC has also approved the Secretariat at the bureaucratic level to be led by Chief Secretary as Chairman and members to include the Secretaries for Personnel Management, Finance, Treasury and ICT.

Mr Assistant Speaker, an implementation work plan to commence implementation of the findings and recommendations is now set in motion and requires the support of this Government to implement this important reform agenda,

Mr Assistant Speaker, I would like to assure the political leaders that the key central agencies and especially my department, remains committed to providing a reliable, efficient and transparent human resource payroll system through its strategy. The findings from the audit have shed light on areas that require improvement, and we are diligently and collaboratively working with key stakeholders to implement the necessary changes and improvements.

Mr Assistant Speaker, I would like to extend my gratitude to the audit team which comprises of the government agencies and Deloitte

26/03

This Government will continue to prioritise good governance, transparency and accountability in its aspects of administration. I would also like to take this time to thank the government for providing the funding for the audit to be conducted, to the Prime Minister and his government and also, we'd like to thank the Speaker and Parliament for appointing the Governor of Northern as the Chairman of the Parliamentary Committee who has come in to work with this team to support us. So, with that, Mr Acting Speaker, I now commend and present the Deloitte Report to this Honourable House. Thank you.

Mr GARRY JUFFA (Northen) – I move –

That Parliament take note of the paper.

Mr Assistant Speaker, I just have a few comments that I would like to add to the report presented here by the good Minister for Personnel Management, Honourable Joe Sungi, but first I would like to acknowledge members of the Special Parliamentary Committee on Public Sector Reforms that worked to ensure that this audit was delivered in a timely manner. It is one of the Marape Government's key areas of interest that they attacked with great vigour after taking office in 2019. I acknowledge Governor Peter Ipatas, Governor Allan Bird, Governor William Powi, Governor Philip Undialu, Member for Parliament and Member for Pomio Honourable Elias Kapavore, Governor Rufina Peter and prior to that Governor Robert Agarobe, Member for Wau-Waria Marsh Narawec and the late William Nakin who was the Deputy Chair of this particular parliamentary committee.

I also want to thank the Executive Government, Prime Minister, Treasurer, for your explicit effort in ensuring that there was funding for our Parliamentary Committee. I want to assure the people of Papua New Guinea that this Government is funding many parliamentary committees who are functioning as they ought to deliver the bread-and-butter work that is supposed to be done by Parliaments. Work is not only supposed to be delivered by Ministers and Governors but by parliamentary committees and their chairs and with adequate funding we are now seeing many of these parliamentary committees starting to deliver as they ought to as can be evident by the number of reports that are being presented here. One which went earlier by the chairman of the Special Parliamentary Committee on Health.

In regards to that, could the Special Parliamentary on Health please take on board the report tabled by the Public Accounts Committee on Health and ensure that those recommendations are implemented. I believe the good Minister for Health is already making an effort but I feel that he needs assistance. The National Department of Health are too slow in implementing those recommendations, they've been there for almost how many years and I think they've only gone through less than 5 per cent of the recommendations. Many of the recommendations made have been ignored.

In regards to the audit report, first and foremost it was initiated in 2014 by the O'Neill Government then nothing happened. Relevant departments, relevant senior public servants did not drive it. They sat on it, twiddled their thumbs and wasted the time of the Government of that

day and indeed the people of Papua New Guinea. Meanwhile, we were seeing a significant chunk of our budget going to pay out a bloated public sector payroll and the audit revealed some very interesting findings. For instance, the fact that the Alesco payroll system was outdated. The Alesco Payroll system is of 2012, I believe. We never bothered to update it and that is one of the reasons why we had this blowout.

27/03

We also found out that there are far too many government agencies that are duplicating the work of one another and getting significant funds from government but doing very little to nothing at times.

For example, there was a 43 per cent increase in the number of public agencies between 2017 and 2021, there were issues with inconsistent applications of HAD across agencies and policy challenges, operation of funds including miscellaneous funds, used to pay public sector employees, unaddressed payroll data and system misused combined with outdated HR policies and General Orders.

These were just some of the issues that affected our payroll system that were not attended to since 2014. When it was decided that there should be an audit on what was happening on the significant blowout on the public sector payroll.

But now, I am glad to say that Minister and his team are starting to take charge of this. In fact, when the report was delivered it was less than a week before I believe they took this to NEC and it was approved the establishment of a Ministerial Committee to be supported by a Technical Committee.

I would like to encourage the Minister to ensure that the Technical Committee should include our Technical Staff from this Special Parliamentary Committee so that we can monitor to ensure that those 74 recommendations that are carried out in this Report by Deloitte are implemented.

And when they are implemented it will be significant savings for PNG. Not only that, they will ensure that we modernise our payroll system. What then should happen is that we should review our *General Orders* and *Public Service Management Act*, which is an outdated cumbersome document or law. If we do that then we can hold executives to account across the board because many of the government agencies executives are simply not managing.

There is no order, discipline and that's what happening in many of our government entities. And a lot of bad actors are either allowed to remain where they are or even promoted and they carry these bad habits with them. If we are running a country then it must be serious business and we need the best, order, discipline, structure and good management skills.

I would like to encourage all ministers to carry out a dynastic of your various departments which comes under you.

Just as a doctor would review a patient to see what's wrong with the patient and then make recommendations in regards to their appropriate type of treatment.

In that manner you need to do the same, you are a doctor for your government departments that are under you or state agencies that report to you. You must carry out these reviews and find out what's happening in those organisations.

How can you improve? Not just government departments but also provinces, yes, you are right minister, I heard you and we are leading the way in Northern Province, we already have a restructure approved by your department, I can't wait to implement it.

Having said that, I do wish to thank the Department of Personnel Management Staff who have been working very hard. In fact, they have already started to take the recommendations and implemented some of them. Minister, your staff can be commended for that because often times we criticise public servants but they are those who are also working hard.

What we need to do as a government is to identify those who work hard, patriotic, nationalistic, innovative must be protected. Meanwhile we also identify the bad apples, actors, the guys who are using the system to steal and rote we need to remove them. If we keep them there, they are going to infect the rest, that's what's happening unfortunately.

I would like to recommend that we put a ban on creating anymore new government agencies. We must put a ban on it immediately then what we need to do and we recommend that we conduct a review of the existing government agencies. Those that we can merge with others must do so and those we should abolish must do so as well. We should not be afraid to do all these.

Thank you very much, I will be bringing my report in the next Parliament Session, which will detail a road map based on our research as to what ought to be done so that we can take PNG from where it is now to where we want to go and how to get there, working with numerous development partners and the executive.

28/01

We feel that this can be done and there are brighter days for Papua New Guinea and we feel that we can be able to implement the vision of all the elected leaders who are here representing the people of Papua New Guinea.

Sir PUKA TEMU (Abau) – Mr Assistant Speaker, I would want to contribute also by debating on the two Papers that were presented earlier and also commend the Public Service Minister and the Chairman of the Special Parliamentary Committee on Public Sector Reform for progressing this very important issue of how we can re-arrange this important arm of government of Public Service in our country.

Mr Assistant Speaker, whilst the focus of the report is intended to look at the payroll system, I think the real issues has just been concluded by the Chairman of the Parliamentary Committee on Public Sector Reform and I stand to strongly support the policy position that he has recommended. We must now stop creating new state agencies, not only departments but also statutory bodies. The glaring thing about all this is that the Government payroll consumes 50 per cent of the National Budget and that means we don't have enough to run the country. Many roads are falling apart, medical drugs are short in supply, because everything is committed in the salaries and the efficiencies that the Chairman has been informing the country through his reports.

Mr Assistant Speaker, I think a statement is due that this report strongly recommends that under our government no recommendations for new agencies will be approved. And that there is a moratorium that the payroll should target at least 30 per cent of the Budget which is the international standard. When we go beyond that it blows out of proportion the budget. When it comes to LLG, District and provincial needs there is no more funds left to carry out all these.

I think the message is clear and that is to stop increasing or creating new agencies. Let's say enough, let us cut it down to 30 percent of the budget to go on salaries and wages. We must monitor it. Cut down merged departments. Remove some of them. They don't function. There is no purpose. They are outdated. I call on the Minister for Public Service to list all of them and allow them to get their retirement benefits and opportunities are coming and economy will boom. We all don't have to worry about our fortnight pay in the public service. You have to venture into business and make money. The opportunities are there. Papua Gas is coming, Wafi-Golpu

mine is opening up, the agriculture sector is going to move, fisheries and forestry are also opening up. Opportunities are enormous.

Mr Assistant Speaker, one of the five issues that was reported that beefs up this salary budget to 50 per cent is the inclusion of the ABG payroll.

29/03

I strongly recommend that the Minister for Public Service in PNG government and the Minister for Public Service in the Autonomous Region of Bougainville Government to review their structures of the public service. I think, too many high positions in this region cannot be financially sustained. So go and do an audit and recommend to the ABG to cut that down. The salaries are too high and that will bring us towards 30 per cent of the budget.

When I was the Secretary, we were given a form called Form 8 and we used to fill in the exact names of those who are on both the wages and salary payroll following a given ceiling. You couldn't go beyond that ceiling because the budget cap was fixed. So, when we went over it, the Secretary for Treasury would never accept our budget.

I think, the second issue of the five issues highlighted increases the government and the agency budget levels. There is a lot of misbehaviour of departmental heads in submitting the Form 8, filling in that form on item 111 and the wages components for all the casuals. So that's where a control has to be made and the departmental heads must be held accountable.

The budget planning phase must be fully utilised from April to October so that it comes to the Cabinet in November for budgeting. That is not fully utilised and therefore the assessments are not made properly.

So, from my personal experience, most of the departmental heads were dishonest with their budget submissions for the salary and wages.

Mr Assistant Speaker, on the issue of casuals, some casuals stay for 6 and 12 months –

Mr Luther Wenge – Point of Order! Mr Assistant Speaker, you have not made a ruling. The Honourable Member for Abau asked whether he could continue debate on the Committee Report on Health. You did not make a ruling whether he could be allowed or not. The Committee Report came ahead of this paper and the Leader of the Government Business has

moved a motion to adjourn debate on those papers to a later date. That was a clear decision of the Parliament so can you just make a ruling, Mr Assistant Speaker?

Mr ASSISTANT SPEAKER – Thank you, Governor of Morobe, your Point of Order is in order. The Member for Abau, I will not allow you to debate on the Committee Report on the Health Matters. You can debate later but for now, you can continue your debate on the current paper.

Sir PUKA TEMU – I've got 12 minutes left but I do it in one minute and I will sit down, but give me the balance in the next debate for Health.

My last point was on the casuals and the wages component of the Wages Bill. The salaries belong to the item 111, which is the actual public servants but the Wages Bill also includes the casuals who come in big numbers.

30/03

They are there for six months and then to twelve months and no assessment is made so they are still there as casuals forever so the opportunities to move upwards in your career path is not given and denied to these group of citizens, some of them are new graduates. I know stories of some that are employed as casuals and on wages with no other opportunities for six months and the immediate supervisor has not done an assessment of the performance therefore that poor officer is still sitting there for twelve months than two years down the line they are still on the same salary.

In my view, that is very unfair on a fellow Papua New Guinean; every opportunity must be given for their dreams to be achieved. The institutional processes of employing casuals and progressing their dreams towards a career must be guarded by those who are in charge, for example departmental heads, managers of human resource officers in all the government agencies in the country.

But, Mr Assistant Speaker, I couldn't emphasize more, let's target our budget to be 30 per cent below which is the international standards; let's start trimming and cutting down on the agencies of State that we find are no more relevant in the country and let us stop bringing in request for new agencies both public service and statutory.

Thank you.

Mr KERENGA KUA (Sinasina-Yonggamugl – Minister for Petroleum and Energy) – Thank you, Mr Assistant Speaker. I just want to make one short comment on the payroll report which is very comprehensive and something that we have needed in a long time so hopefully those who are responsible for its implementation will read it carefully and implement all the important recommendations in this report.

My point is about the district casual wages. That is an emerging area which has not been carefully provided for as we setup the District Development Authority, give them statutory powers and give them a very significant national budget. This system has allowed, despite what other people will say; for goods and services at the National Government level to go down right to the districts and the LLGs. So going forward, we need to continue to strengthen this system.

One concern is to ensure that the workers there are properly paid. The permanent public servants that are allocated to the districts are basic and they are not enough; the numbers are small. So, Mr Assistant Speaker, what we have been doing is to employ casuals to fill in the gaps to ensure that things are rolled out smoothly but we do not have a payroll system for them.

This has been admittedly one of my biggest frustrations for the 11 years, I have been on the Floor of Parliament. I tried to get my district and provincial government to help setup fortnightly electronic payroll system for my casual workers in my district in education, health, law and order and other normal places. For a while we were putting counselors and even magistrates and peace mediators on the payroll but we could not do that because for some reason the Bank of South Pacific and our public servants at us headquarter in Kundiawa and my district staff could not setup this electronic payroll system. A system that could have money transferred from our district operating account directly to our many casual workers in all the rural areas which creates massive problems for us. For 10 years I have been asking and talking about this and it has been hard and it still remains an issue because we do not have that system.

Mr Assistant Speaker, what we are doing in the past 10 years is that we pay them a lump sum. We do our district budget and we pay them one payment of K6, 00, K7, 000, K8, 000 in one lump sum. They get it and use it up within two weeks or so, and its game over for them.

31/03

And for the rest of the year, in the 52 weeks we expect them to work without a regular wage, income, tea, coffee, rice, soap and basic necessities for the family. It's grossly unfair, Mr Assistant Speaker, by any measure it's extremely unfair and it's a government responsibility.

My one and only recommendation on part of this reform and review is that, can the Department of Finance, Department of Public Service Commission, Department of Personnel Management look into this issue and make sure that all the casuals in all the districts and LLGs in Papua New Guinea be put under an automated payroll system similar to Alesco for the casuals, so they can receive their fortnightly salaries every fortnight similar to all companies and all permanent public servants. This will enable them to be able to feed their families every fortnight while they work for the government. It's not difficult, little companies do it, five, six or ten employees they do it. Districts employ a lot of casuals; you multiply it by the 89 or so districts in Papua New Guinea it adds up. We need a formalized system that's designed at Waigani and implemented on a standardized basis right throughout Papua New Guinea.

Right now BSP is asking for 10 years now, my district and my province have suffered for 10 years and the people are suffering. So that's my question, to look at an electronic payroll system for all the casual workers in the districts because they deserve it like anybody else. Thank you, Mr Assistant Speaker

Mr WILLIAM POWI (Southern Highlands) – Thank you Mr Assistant Speaker, I would like to contribute a bit on the issue, it won't take long.

I would like to commend the Public Service Minister on the two reports on the importance of building the future of this country which, in my view, hinges on the public service system and institutions we create. We members of parliament will come and go but where is the future of this country fifty years down the line, hundred years down the line? Who is going to hold this? The institution of government we build today, the public service system we build today is going to hold the breadth and length of this country. You and I will come and go but the future rests on the kind of public service machinery we build today.

I think this has been much talked about. Governments come and go with so many types of policies, good and bad policies, but who does the implementation? Who makes it work at the districts, wards, provinces and in the national government? It's the public service machinery.

In my view this is one of the most important systems of government. In the operation of government and the culture of government, any government now and in the future should build a dynamic robust public service system with institutions that will hold and craft the destiny of the country. I stand to be corrected on this but we can talk about policy implementation in different governments but the public service system is convoluted, congested not well tailored for well-defined policies get to be implemented. The members of parliament don't implement policies, it's the system.

32/03

And if the system is convoluted, distorted and is not in the right place, no policy will be implemented. In my view, that is a challenge for the nation. In other countries like Australia, England or New Zealand, when a minister presents something, the secretary will automatically realign it with the government agency.

When a prime minister makes a statement, the system picks up. That is in public service of other countries. In PNG, ministers keep on making presentations but nothing seems to be happening. Minister, you have a big challenge to set the broader public service system and mercenary of this country so that we arrive at that destination. In my view, the future of this country hinges on this.

The Prime Minister should not be going around searching for secretaries and deputy secretaries of government agencies. The ministers and CACC should take leadership on situations like that because that is a government priority. Public service is important. Why do all the plans and budgets come to Waigani? What are we doing? Are we supposed to be delivering service or running around in circles?

Fix the institutions of government and set the realignment in law. Do not let Waigani be a swamp, do take leadership of it. Regardless of your titles today, everybody will come and go, but where is the country heading towards? The system that we built today will hold the breadth and length of this country. We should not be playing around with this, but support the Minister for Public Service. And Minister, you are operating a huge, mammoth task, convoluted with conflicting legislations. We are running around in circles searching for approvals.

For this report that you presented, control all staff on structure through the ceiling that you approved. All approvals should not have to come from Waigani. What are we doing in terms

of service delivery and governance? Get the leadership right with the institutions. Let us not be convoluted with all kinds of directions. The future of this country does not rely on the members of Parliament, it relies on the system of government, the public service system mercenary that we built for this country.

Thank you, Mr Assistant Speaker.

Motion (by **Mr Elias Kapavore**) agreed to –

That debate be adjourned.

Debate adjourned.

ADJOURNMENT

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

That Parliament do now adjourn.

Parliament adjourned at 1.35 p.m.

