

SEVENTH DAY

Thursday 10 August 2023

DRAFT HANSARD

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PARLIAMENTARY DEBATES

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KENNETH SEBEPMIN

Acting Principal Parliamentary Reporter

SEVENTH DAY

Thursday 10 August 2023

The Assistant Speaker, (**Mr Kansol Harwai Kamdaru**) took the Chair at 10 a.m.

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

Sitting suspended.

The Assistant Speaker again took the Chair at 10.55 a.m., and invited the Member for Daulo, **Honourable Ekime Mek Gorosahu** to say Prayers;

Yumi prea, Papa God long Heaven mipela i tok teinkiu, mipela givim bikneim, honour na glori i go long yu, yu holi, holi, holi olgeta. Teinkiu long yu givim mipela dispela dei, mipela i ken pulim win, mipela i kisim air na laip mipela i kam bek. Mipela ol lida kam bek long dispela, Haus Palamen bilong Papua Niugini na mipela kolim miting bilong mipela long tude. Mipela askim yu long kam stap wantem mipela, givim tingting long Praime Minista bilong mipela na ol minista bilong mipela, Oposin Lida na ol minista na olgeta memba bilong mipela long Palamen na ol i ken kisim gutpela tingting wantem gutpela bel na yumi ken stap isi na kisim toktok bilong yu na ol toktok mipela i mekim. Mipela i askim yu long gaidens bilong yu na lukautim mipela long dispela dei. Mipela i tok teinkiu long ol visita bilong mipela ol kam stap; ol sumatin. Las wik na dispela wik, yu givim mipela ol sumatin wantem ol visita bilong mipela, mipela i tok teinkiu long ol. Amen.

DEATH OF FORMER MEMBER – Mr WILLIAM WII – STATEMENT BY THE ASSISTANT SPEAKER

Mr ASSISTANT SPEAKER – Honourable Members, I have to inform the Parliament of the death on 17 July 2023 of Mr William Wi. He was a former Member for North Wahgi Open Electorate in the Third National Parliament from 1982 to 1987, and Fourth National Parliament from 1987 to 1992 and Member for the Anglimp-South Wahgi Open Electorate in the Fifth National Parliament from 1992 to 1997.

During these terms, he served as a member of Permanent Parliamentary Committees on Appointments, Law and Orders, Chairman of Pensions and Retirement Benefits, Deputy Chairman of Public Accounts and later as Chairman of Public Accounts. He also served as Minister for Administrative Services and State from 1991 to 1992 under Prime Minister Sir Rabbie Namaliu.

He was a member of People's Unity Party.

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

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

Mr ASSISTANT SPEAKER – I thank the Parliament.

02/07

**ACKNOWLEDGEMENT OF VISITORS –
STATEMENT BY THE ASSISTANT SPEAKER**

Mr ASSISTANT SPEAKER – Honourable Members, I wish to acknowledge the presence in the Public Gallery of;

(a) Teachers and grade twelve history students from Sogeri National School of Excellence in Hiri-Koiari District, Central Province;

(b) Young Women Leaders from Pacific Institute of Leadership in National Capital District; and

(c) Staffs and grade eight students from Galomarubu Primary School in Rigo District, Central Province.

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

QUESTIONS

Undeveloped State Land

Mr DANIEL TINDIPU – Thank you, Mr Assistant Speaker, for giving me this opportunity to speak. My questions are directed to the Deputy Prime Minister.

(1) How many land titles have we issued to land title owners?

Under the Department of Lands, there is potential to generate revenue, one way, is to extend the State land in our country. I would like to appreciate the Marape-Rosso Government for allocating K150 million into land banking, it is important if we want our economy to prosper.

(2) How much revenue do we collect every year through the lease fees from those title owners?

There are so many portions of state land sitting idle which the title holders have not developed. When they acquire the title, they just plant trees, do little work on the land for the Department of Lands inspectors to inspect and then they just leave it like that.

So, how do we expect investors to invest when we are not opening up state land?

03/07

Can the Lands Department forfeit the land titles back to the state if that land has not been developed for over five years? There is a lot of state land that has not been developed. Once these titles are forfeited investors can come in and buy the land and develop it.

My questions to the Minister are:

(1) How many land titles have been issued by the Lands Department?

(2) How much revenue have we collected every year through the lease fee?

(3) Can the department forfeit land from title holders for over 10 to 15 years that has never been developed?

Thank you.

Mr JOHN ROSSO – Thank you, Mr Assistant Speaker. I would like to thank the Member for Komo-Hulia for those important questions that concern all of us, especially when land is the essence of our culture and our wellbeing in this country

(1) We have three different areas of land, one is the customary land that is owned by our people, which we don't have records of the titles for.

The second one is free hold land which we inherited from our predecessors who once governed us. And that is freehold land which mainly sits among churches and freehold land which is held in perpetuity by mainly freehold churches that our churches own.

The other one is the alienated land, which is of course government land. With the government land that we hold, we have about four per cent in the whole country. Our Government has a view to expand that four per cent alienated land that we hold in this country, with the exact amount of individual titles whether industrial or residential and such forth, we do not have current exact estimates.

We are currently working on a backlog of trying to take stock of how many exact titles of state leases we hold in our country. That is currently work in progress, we started a year ago and with the help of our development partners.

Mr Assistant Speaker, hopefully by next year, we should have updated data on alienated land in this country. It is not an easy task because the records that were held in Lands Department were all manual records and were moved from office to office.

The Lands Department is currently working on having electronic digitalized records and our development partners are helping us with that, and we are now 60 per cent through the process. Hopefully, by next year, we should be able to know exactly how many titles we have in our country and which titles are held by which people. Unfortunately, these are things, I don't like to say the word inherit, that we are burdened with that we need to fix.

(2) We have the same issues, because of our manual records, Mr Assistant Speaker, we did not have those records available when I became Lands Minister. The good news is that we have now managed to ascertain 90 per cent of our state lease outstanding records for revenue collection. When we started two years ago, our normal revenue for the whole of the state leases in Papua New Guinea was K19 million for the whole country. I was a little bit perturbed by that because I understand we have a lot of land in this country that should be paid actual leases. So, we put into place an electronic system partnering with a development company; an IT company and I would like to announce the good news to this Parliament, that we have proper records of these leases.

04/07

As of last year, we have increased our revenue from K19 million to K41 million. By the end of this year, we should be able to raise K100 million for land titles alone just by putting proper electronic digitalised system that is able to track land title holders.

Mr Assistant Speaker, we also have close to K500 million outstanding on land rates and leases which we are currently taking court action against. In the last six months, we have also put in place a system that identifies all the lease holders or landowners working with the tolerance system that we have inherited from the ACT Cap Town in Canberra. That system will be able to identify what short of land we have, identify re-zoning of land, physical planning of land and changes in land status because that has been the inherent problem that we face as a country. People have made fraudulent land titles and surveys, and with this new system in place, by next year, we should be able to roll out electronic e-titles that will stop all these fraudulent titles and fraudulent physical planning approvals that has been going on for years.

Mr Assistant Speaker, the questions that have been raised are important and we have not rested them. We have ensured that with very little money, we have managed to make these collections of our revenue increase with no budget input from the National Government. We have had a lot of instances where we have electronic systems that have collected nearly K30 to K50 million over the whole life of our Lands Department towards an electronic system that has not worked.

Mr Assistant Speaker, with this new system that we have put in, I am glad to announce to the Parliament that it has not cost the Government any toea, but we have raised almost K40 million last year and we will be raising almost K100 million this year.

Mr Assistant Speaker, on the third question on undeveloped land title holders, the law is specific; after five years of holding undeveloped UDLs, the Minister of Lands, we can forfeit this undeveloped land titles. So, the Lands Department is working at the moment to identify any undeveloped land and they are collating information so that we can go through the forfeiture process of any state land that has been acquired so that the Lands Department can forfeit these lands.

Mr Assistant Speaker, we have forfeited few land titles but we were taken to court over this matter. Not only that, but other relevant government bodies have taken court orders against us. So, the Lands Department is now battling the forfeiture notices so we cannot proceed with it, but it is going through the court and once the forfeitures are done, we'll handle the matter.

Mr Assistant Speaker, whilst on that matter, the government has allocated K150 million to work towards unlocking customary land to help our people, to help our industry, and to help the development because four per cent of our land now is insufficient for us to do an

agricultural development, to build new suburbs for our people, especially in Port Moresby, Lae, Goroka, Hagen, Madang and others.

05/07

Our people are currently living in settlements and this new program is targeted at helping our people work in partnership with agencies, development partners, Nambawan Super and proper companies that we can harness and develop these suburbs. We can put another 10,000 housing allotments for our people in the cities of Port Moresby, Lae and Madang. This project will commence this year. By the end of the year, we should be able to have the subdivision allotments done.

Mr Assistant Speaker, people will ask why we are spending so much money on unlocking land, but if we unlock our customary land and we work in partnership with our traditional land owners, similar to what we have done at Roku with the Tuhava partnership, both the landowners and the government will benefit in returns on investment on power, utilities and state leases.

Mr Assistant Speaker, if we unlock 10,000 allotments of land in Port Moresby City alone, that will bring a return on investment for government at approximately K50 million per annum. That is rates of a thousand kina per allotment to be brought in, an average of K50 per fortnight for PNG Power and average of K50 per fortnight for Water PNG, on garbage rates and other relevant rates.

Mr Assistant Speaker, so it is not just the government putting out money there, but it is also looking at unlocking land, putting roof over the heads of our people, making bankable titles for our people, working in partnership with our local land owners and bringing in a return on investment to government that goes towards consolidated revenue.

So, with the unlocking of the first 10,000 allotments, I am very positive that it will really enhance our GDP, jobs for our people, factory participation and most of all, look after our people by putting roofs over their heads and an income for them.

I can continue on, but I understand that question time is not enough to do that. I will elaborate more on this matter during Grievance Debate. I hope the good Member for Komo-Hulia is satisfied with my response to his series of questions. Thank you.

Law and Order

Mr WAI RAPA – Thank you, Mr Assistant Speaker, and a very good morning to all the members of Parliament, and a very special one to my members from Western Highlands Province. I also thank the students in the Public Gallery for their presence this morning.

Mr Assistant Speaker, my question is directed to the Minister for Internal Security in regards to law and order. My first-year anniversary as a Member of the 11th Parliament was on the 5 August 2023, thus I am like a ‘baby governor’.

(Laughter in the Chamber)

Mr WAI RAPA – Just like all of you members of Parliament, a year has already passed since we first came. Time will not wait for us. We have only four more years to go before our term ends. Law and order is a very big problem in the country.

For this Parliament sitting alone, a lot has been said in regards to law and order. The Parliament will adjourn tomorrow, but have we come up with any resolutions or real plans on how to address it.

06/07

How will we address law and order in our provinces because we have already passed laws in this Parliament and there is no order in this country? Law and order continues to be a major issue which we talk about every day. As we see in the media, pictures being printed and posted on social media portraying a bad image of us.

We have discussed law and order for two weeks in Parliament, so does the Minister for Internal Security have any plans to give us leaders some work to do in the provinces? Because we governors and open members must also address this issue in the provinces. We come to Parliament and talk about law and order issues affecting the communities through fighting, however, there is no cooperation amongst us to address these law and order issues in our provinces and districts.

So, Minister for Internal Security, I feel that you must task us leaders as well so that we must organise with our councillors and address these issues together. I would like to tell the Internal Security Minister that it is not only his duty or the police duty only to address these law and order issues that the country is facing but everyone’s’ responsibility. So, I would like

to know if the Minister has any plans or resolutions for us to take back to the provinces and discuss with the PPCs to address the trouble areas in our districts?

Western Highlands Province is affected by a number of issues in the Highlands region. For example, there was a fight in Enga and about 60 or 70 injured persons are now at the Mt Hagen Hospital. This problem is not easing and is continuing and we have sent the police and the army.

(Members interjecting)

Mr WAI RAPA – I am talking about law and order. So next Parliament meeting we will come back and talk about law and order, however, we have discussed it these past two weeks and I would like the Minister to advise if there is any real plan for us to address this back in the provinces. Thank you, Mr Assistant Speaker.

Mr PETER TSIAMALILI JUNIOR – Thank you, Mr Assistant Speaker. Firstly, before I give my reply to the good Governor of Western Highlands, I would like to acknowledge all our guests, particularly the students. One day, one of you will represent your people in this honourable House.

Mr Assistant Speaker, this is a very good question and I won't take a long time. I think in his question he also answered the need for us to collaboratively work in the space of law and order. I hope that today, I will be given an opportunity to present my statement.

This statement will highlight how we can collectively address law and order. So, the answer to the question you asked in regard to this matter is in my statement, but I must take this opportunity to emphasise the need for all levels of government to be collaboratively working together. The space of law and order needs a holistic approach to address it. Whilst we at the headquarters or national level, we already know that there is a greater need for our numbers to increase and that is what this government is doing. Unlike any other government in the past, they've invested money in policing. We have now recruits coming in that will fill up our numbers to meet what the quota of a country needs per population.

07/07

We also increased our capacity in terms of the support of infrastructure including support in the areas of logistics. I recently sent a memorandum out to all members including

the Opposition members in regards to how the Police will increase its support in provinces in terms of logistics.

Each province is a case by case. In terms of how to address the law and order scenario. We are like 21 to 22 countries so to speak, in one country. But the concerns are the same and it comes down to your councillors at the ward level. They must identify the challenges and the PPCs can draw up operational plans and the ACPs will then provide these plans to the headquarters. So, we know how to address it within each province. And at the national level, we must make sure that you receive the appropriate support. I recently sort out to each member the financial draw down for this year to each province.

So, you can check on how the head quarter is delivering in terms of the finances and resources to districts and provinces in support of the capacity building for each province and districts. We are being transparent in addressing law and order to support provinces.

With that, Mr Assistant Speaker, if time permits, I will present a statement which will also cover many concerns. But at the onset, when I became the Minister responsible for Internal Security, I mentioned to us all that; we are leaders that is why our people believe in us to lead so take these responsibilities and lead, that's why you have been given the mandate.

Thank you, Mr Assistant Speaker.

Mr James Donald – Point of Order! When a supplementary question is being asked; it's appropriate to entertain it first before answering a new question as per the *Standing Orders*.

Mr ASSISTANT SPEAKER – Thank you, good Honourable Member, I didn't hear the supplementary question, that's why I didn't allow him to ask.

Increase Teachers Salary

Mr RAPHAEL TONPI – Thank you, Mr Assistant Speaker, I want to acknowledge the presence of the students in various schools in the National Capital District and Central Province.

I want to direct my questions to the Minister for Education; I know I didn't inform you of that but you are a good hard-working minister so you will reply accordingly. I have been in this Parliament for one year. I am a teacher by profession, therefore, it will be unfair for me not to speak on behalf of the 60,000 plus teachers who carry our country on their shoulders.

One of the core reasons why the standard of education has declined greatly in our country is significantly due to the poor treatment of teachers.

08/07

Consider the teachers as being the pillars of societies in pruning and shaping the human resource in our country, and yet are the lowly paid and trodden over and their needs are mostly overlooked. Such is the case that the country has lost touch in terms of our human resource development and hence the poor output.

Mr Assistant Speaker, the teaching profession should be placed in a position where the cream of intellectual community is attracted to join the teaching force by improving their remuneration packages and simultaneously provide better living conditions so that premium quality output is achieved. When we invest in the best for our human resource, we raise the bar in high quality learning and this becomes achievable at the end.

Hence, the teaching profession must not be given a second choice but made appealing to attract the brains of the nation.

My question is simple and short; can the Minister confirm or deny the statement that I have made and that we have been overlooking our teachers and have done nothing to improve their pay.

Today the base level pay for a primary school teacher is between K1000-K1400, this is very low compared to other countries.

- (1) Why can't we pay them K2000 to K3000 base level pay?
- (2) Does the Government have any plans in place to improve teachers' salaries?

Mr JIMMY UGURO – Thank you, Mr Assistant Speaker. I also thank the Member for Mendi for a good question regarding our teachers' performance and welfare throughout the country. Before I answer the question, I would like to acknowledge the students and teachers whom we have present in the public gallery.

Mr Assistant Speaker, I confirm that our teachers are some of the only government officers out there in the remote places in the country. I commend those teachers who are working very hard and faithfully serving the government out there in the rural communities. Our Government is concerned about our teachers' welfare.

Upon taking the office as the Minister for Education, I have directed that there must be an overhaul done to the entire education system including the Teaching Service Commission

to ensure that our teachers are entitled to their benefits. Many of those issues have been addressed but I would like to inform the Parliament and the people today that the Marape-Rosso Government has seen the importance of education for our country in raising the standard of livelihood to the levels that we expect them to be.

Today, after the launching of the STEM Education Program by the Prime Minister, our top creamed students will be selected to attend and study in institutions and universities in the USA. And we will have a media conference to showcase what this government is doing to overhaul the entire education system, this will also coincide with the launching of 50th journey where our country should go in terms of education leading the way to reform our people's livelihood and behavior that we are facing today.

09/07

Mr Assistant Speaker, we are now working to upgrade the teacher's qualifications through the Vision 2050. The teachers with diplomas will teach in early childhood program and primary schools, degree and masters to teach in secondary and high schools, PHDs, and professors to teach in universities and colleges. So, we raised the standards and qualifications in the education sector. The Government of Papua New Guinea is embarking on it.

We can see the drop in our society and many of the educated people are not doing the right things here in the city. When we did an overhaul in the education system, we discovered that our people are qualified but not educated in a sense of our behaviour, values, and attitudes.

For instance, when you see PHD holder driving down the Waigani street, winding down the glass and spitting the betel nut, throwing out empty tin cans and betel nut husk on the nice pavement built by Governor Powes Parkop for the beautification of the city, it's not good. I mean that's not an educated person.

We are doing an overhaul in our system to make sure our people are qualified and educated to do the right thing at the right place.

Mr Douglas Tomuriesa – Point of Order! Mr Assistant Speaker, I think the question raised by the good Member was to improve the conditions and securities of the teachers. So, the Minister can answer that question and give opportunity to other members to raise their questions.

Thank you.

Mr ASSISTANT SPEAKER – The Deputy Opposition Leader, your Point of Order is in order.

Mr JIMMY UGURO – Thank you, Mr Assistant Speaker, I have answered the questions already but I want to explain it. Our Teaching Service Commission is working to upgrade the teacher's payroll structure based on their qualifications, so the work is in progress and we are addressing teachers entitlements.

Thank you, Mr Assistant Speaker.

Sir JOHN PUNDARI – Thank you, Mr Assistant Speaker. It is indeed a privilege and an honor to have a space here in the Floor of Parliament and honor to speak representing our people.

Thank you, Mr Assistant Speaker, for the opportunity to ask a series of questions that crosscuts a number of portfolios and therefore, I will address my questions to the Honourable Prime Minister.

Mr Assistant Speaker, my first set of questions to the Prime Minister are on the economy and the Treasurer is not present in the Chamber and I request all the economy ministers to take note.

Mr Assistant Speaker, Papua New Guinea has endured gloomy economic condition in the last few years due to the Covid-19 pandemic and the Ukraine-Russian War. The road to recovery for most economies around the world including Papua New Guinea has been an uphill battle.

Mr Assistant Speaker, in the case of Papua New Guinea, we have been negatively impacted by the delays in the key projects including the Papua LNG, Wafi-Golpu, and the closure of the Porgera mine.

The Marape Government has taken measures to contain this; however, Mr Assistant Speaker, these interventions are slow to be felt by the mass of our people. Our businesses, especially, SMEs are suffering, health facilities are running short of essential medical supplies, schools are running without government adequate support and the operations are impacted as the consequences.

The shortage of foreign exchange impacting businesses, inflation has made it hard for the ordinary family to afford basics necessities. Unemployment is on the rise, suffocation of

meaningful engagement in the towns, district and wards is seeing an increase in lawlessness throughout the country and the list goes on.

10/07

Mr Assistant Speaker, the decisions made here at Waigani have not had the intended effects and the impacts on the economy. The short-term corrective and long-term preventive measures taken by the Government to help turn the economy around is not even felt at the ward levels.

Mr Assistant Speaker, my question, therefore to the Prime Minister –

Mr ASSISTANT SPEAKER – Honourable Member for Kompiani-Ambum, may I interrupt you? Can you ask the question to the Honourable Prime Minister?

Sir JOHN PUNDARI – Thank you, Mr Assistant Speaker. All indications have shown that the Papua New Guinea economy is bleeding and current policies including the Connect PNG Policy seems not to be helping in the short-term. My first set of questions are;

(1) What steps is the Government taking now or have in plan to ensure the Papua New Guinea economy is steered back on track?

(2) What is the Government doing now to resolve the foreign exchange issue the country is facing? And is the Central Bank compromising discharging its roles independently?

(3) What is the Government doing to resolve the Puma issue? Normal businesses and lives are affected by this ongoing saga and with no clear path to an amicable solution insight, it seems.

(4) What is the Government doing to hasten the reopening of Porgera Mine and the new Papua and Wafi-Golpu Projects?

Mr Assistant Speaker, this leads me to my next set of questions to the Prime Minister which are on the Porgera Gold Mine.

When our Prime Minister did not renew the Special Mining Lease (SML) for Barrick which resulted in the closer of the mine in 2020. I was among those who fully supported the Prime Minister in this decision for the greater take in our resources.

Mr Richard Masere – Point of Order! Thank you, Mr Assistant Speaker, my point of order is that those are new questions. If the good Member can maybe ask those questions tomorrow so the Prime Minister can respond on the first questions which are specifically on the economy and the second questions on mining.

Thank you, Mr Assistant Speaker.

Mr ASSISTANT SPEAKER – Honourable Member, your Point of Order is not in order. Sorry Honourable Member, our time has nearly lapsed so you go straight to your point and ask the Prime Minister to answer you.

SUSPENSION OF STANDING ORDERS – EXTENDED TIME FOR QUESTIONS

Motion (by **Sir John Pundari**) agreed to –

That so much of the *Standing Orders* be suspended this day as would extend question time by 20 minutes.

Sir JOHN PUNDARI – Mr Assistant Speaker, I will continue from where I left before the motion was moved.

I was amongst those who fully supported the Prime Minister in this decision for a greater take in our resources when he made the decision for a take in our resources to not renew SML for Barrick.

11/07

Mr Assistant Speaker, since the closure there has been various dates set for its opening, the first being 16 September 2020 which did not eventuate and it has been about three years now.

Mr Assistant Speaker, the Prime Minister only makes statements upon credible advice from state agencies and these agencies are expected to deliver on these announcements. The State negotiating teams, agencies and departments that provide such advice to the Prime Minister must take full responsibility. Failure by these agencies of the State has disgraced the Office of the Prime Minister and the Government.

Mr Assistant Speaker, my questions are;

(1) Upon whose advice was the dates given?

(2) Who is to be blamed for this?

(3) Is it the State Negotiating Team, MRA, Treasury or who, and have we dealt with those responsible and have we dealt with those who have misled the people's office, not once but twice by advising of failed dates to open the Pogera Mine?

(4) Can the people of Papua New Guinea know how much has been paid to the State Negotiating Team on Pogera alone and any other consultant associated with this negotiations?

(5) Would I be correct in saying that they may have been paid well over a K100 million to date?

(6) Can the people of Papua New Guinea know how much the country has lost in corporate taxes, GST and group taxes not only from Barrick, but all other companies and SMEs associated with the Pogera Mine?

(7) Does the Government have any plans to compensate those losses especially by Papua New Guinea businessmen and women including workers who were laid off or terminated because of the closure of the mine?

(8) Can a proper and detailed financial analysis be done to ascertain the losses and how will it take us to recover?

My second set of question are based on the following. As an MP from Enga Province where the mine is located, I am still in the dark from the equity and royalties received over the last 30 years. Pogera is a significant part of our nation and as we get closer to opening the new Pogera, we must learn from the past on this very significant asset.

Mr Assistant Speaker, I have heard that there are audited financial reports on the revenues and expenditures of Pogera funds, but to date I have never sighted one; even when I was the Minister for Finance and Chairman of the Public Accounts Committee.

(9) Can the Prime Minister confirm if these funds have been audited? If so, can the Prime Minister direct the Auditor-General to make those audited reports available to the public?

(10) Will the Prime Minister tell us how much gross figure was paid into the Enga Children's Fund over the last 30 years?

We are aware that numerous investments were undertaken by the Fund.

(11) Can the Prime Minister assure the people of Enga that his Office will assist in making these investment public including any investments that were disposed?

Mr Assistant Speaker, the Prime Minister will agree with me that any assets or investments sold by the Fund must be at arm's length and be disposed at fair market value.

(12) Can the Prime Minister assure us that to his knowledge no related parties or proxies were issued to sell assets and investments that belonged to the children of Enga?

(13) Can the Prime Minister inform us to which individuals or companies did the investments and properties of the Enga Children Fund, if any were sold or were been sold to?

(14) Can the Prime Minister tell this House if those people or companies who bought these properties and investments from the Children of Enga had the capacity to buy or own those assets? Meaning did they have the means to buy and own these assets.

(15) Where did the capital to own these assets come from, and were they financially capable to make those purchases at that time of the acquisition?

12/07

(16) Can the Prime Minister, through you, Mr Assistant Speaker, inform us if the purchases were made at a fair market price?

(17) Is there any connection with these people or companies to the directors of the Enga Children's Fund?

(18) Mr Assistant Speaker, can the Prime Minister agree that it is important before the new Porgera opens that we uncover this information?

(19) If so, does he agree with me that a forensic investigation or audit must be carried out at once to answer these pertinent questions?

Mr Assistant Speaker, money is received and spent by Enga Children's Fund, unfortunately there is no checks and balances, there is zero visibility.

(20) Will the Prime Minister make a commitment to this House to give the Engan people independent audited reports for the Enga Children's Fund?

Mr Assistant Speaker, this brings me to my next line of questions on Porgera on at least the five districts of Enga and I serve one of them. Can the Prime Minister confirm or deny, seen or heard? I'm asking questions, Mr Assistant Speaker, what is wrong with you?

Mr ASSISTANT SPEAKER – Honourable Member, your questions are lengthy; can you go straight to the question? The Prime Minister will require more time to respond, therefore you can put your questions on notice for the Minister to answer at a later date.

Mr James Nomane – Point of Order! My point of order is for Parliament to maintain the decorum of the House and to respect the Chair.

Mr ASSISTANT SPEAKER – Honourable member, your Point of Order is in order

Sir JOHN PUNDARI – Mr Assistant Speaker, thank you. My sincerest respect is to the Assistant Speaker and the Chair.

(21) Can the Prime Minister confirm or deny if he has heard, seen or read about any funds from Porgera reaching any of the five or six districts in Enga?

(22) Is he aware of any projects in Wapenamanda, Laiagam or Kompam for that matter?

(23) Does the Prime Minister agree with me that districts like Kompam-Ambum, Laiagam, Porgera, Kandep and Wapenamanda have little to nothing to show for?

Mr William Bando – Point of Order! Mr Assistant Speaker, I think some of these questions are as old as the Member for Kandep being in this House and he should be the better person to tell us what exactly happened with Porgera and the legacy issues and the funding. The Governor of Enga should also be in a good position to answer some of those questions, not the Prime Minister.

Mr Don Polye – Point of Order! Can the Member for Kompam-Ambum clarify his questions?

Mr William Bando – Point of Order! Member for Kompam-Ambum, you have been here all these years and some of the issues that you are raising are familiar to the Honourable Governor of Enga and it would be injustice for the Prime Minister to answer some of these questions.

Mr ASSISTANT SPEAKER – Honourable Member, your Point of Order is in order.

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Sir JOHN PUNDARI – If I have few interjections then I will conclude shortly. So, from where I am sitting, of course, we have served and I agree with the point of order raised

by Honourable William Bando, but the fact of the matter remains. I am raising these questions for public consumption and it is not for Members of Parliament only.

Mr ASSISTANT SPEAKER – Honourable Member, you can ask your questions.

Sir JOHN PUNDARI –Mr Assistant Speaker, I will continue with my questions.

(24) Does the Prime Minister agree that a district like Kompam-Ambum, Laigap, Pogera-Paiela, Kandep and Wapenamanada have little to nothing to show from the proceeds of the Pogera mine?

(25) Can the Prime Minister agree that the districts in Enga need their fair share of development funding from the mine? Mr Assistant Speaker, this is a very important question.

(26) Can the Prime Minister advise us of his plans for the six districts of Enga under the new Pogera arrangement?

Mr Assistant Speaker, my final question is on law and order and I'd like the Internal Security Minister and other associated ministers to take note.

Mr Prime Minister, you would agree that illegal firearm is a major cause of social disorder and illegal activities in the country.

(27) Does the Government have any plans to deal with the illegal firearm issues in the country at present?

(28) Does the Government have any plans to consider buying out all illegal guns and destroy them? Give them an amnesty period with extensive awareness to allow those in possession to sell them to the State.

May I remind all of us of the reality that illegal firearm holders will not surrender their guns for free. After such amnesty period, the Government can issue shoot to kill orders to law enforcers on those who continue to possess illegal firearms.

(29) Can the Prime Minister agree with me that it is indeed time and enough is enough and we cannot continue to allow gunmen to hold everyone at ransom?

Mr Assistant Speaker, before I sit, can I ask you to give me an opportunity tomorrow to conclude my other sets of questions on matters of health. Now that my good brothers on the Floor of Parliament are agitated because they need to raise questions as well. A year has passed and this has been my first time to ask these series of questions in this term of Parliament. I thank you sincerely for giving me this opportunity to ask those questions, but

may I ask you to compensate me for the interventions you have made by giving me another opportunity tomorrow. Thank you.

Mr ASSISTANT SPEAKER – Before I allow the Prime Minister to respond, I want to say that I withdraw my statement. The statement of the Member for Komo-Hulia is in order.

Mr JAMES MARAPE – Thank you, Mr Assistant Speaker. Firstly, let me congratulate you for sitting on the Chair. This is the people's House and you are chairing a proceeding for today. I want to also appreciate the people of Middle Ramu for giving you the mandate. You are doing a very fine job, not just today but in your work as Member for Middle Ramu.

I appreciate the questions by the Honourable Sir John Pundari, our long serving Member for Kompiani-Ambum. He has not been asking questions for a year and he is asking many questions today to make up for that so please bear with him. Every leader is entitled to ask questions and for those who have never served as Prime Minister, I will have the patience to answer your questions. Those who have had the opportunity to be the Prime Minister, I will never give them an inch of respect to answer their questions of hypocrisy.

(Laughter in the Chamber)

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Mr Peter O'Neill – Point of Order! Let the good Prime Minister know that I am a mandated leader and elected by my people to do this job; to ask you questions.

And you will continue to answer as I ask it. Thank you, Mr Assistant Speaker.

(Laughter in the Chamber)

Mr ASSISTANT SPEAKER – Honourable Member, your Point of Order is in order.

Mr JAMES MARAPE – Mr Assistant Speaker, when the Member for Ialibu-Pangia asks on behalf of the people of Ialibu-Pangia, I will answer him. But in matters of public policy that he failed to address, I will answer with little respect for his question that he put on the Floor.

But in any case, and coming back to the important questions raised by the Member for Kompiam-Ambum, I want to make an outside response. All relevant ministers concerned to the questions that he raised are asked to take note and respond in writing to him and also to the public. He raised very important national issues. I want to also ask the Member to put in writing the questions he raised, so that we can give respect to the seriousness of the issues raised.

To give a summary on the issues that he raised, because it was question without notice, I want to give a quick response. In terms of what we are doing in the economy, I want to indicate to our country that like many global economies, our economy has been under stress in the last three years. When we formed government in 2019, we only knew the effect of a rundown economy we inherited in 2019.

I speak as the former Finance Minister, knowing exactly how we were running our economy from 2012 and coming up. And I don't mean to downplay what happened previously, the need of the country was big and we need to have some elements of deficit financing in the Budgets from 2012 to 2019. That was in order, but I differed substantially with the former Prime Minister and Treasurer in the manner in which, they were financing the deficit element of our Budget by borrowing heavily from domestic borrowing.

But up till that point in time, that depicted that we had an economy that was almost wrecked by the time we took government in 2019. The International Monetary Fund (IMF), World Bank, Asian Development Bank (ADB), Central Bank and National Statistics Office placed our economy in a very critical status in 2019. When we took office, the first thing we did was to allow for a due diligence to take place not by our Treasury Department, but by international partners. We brought back IMF, ADB, World Bank, Australia's Department of Foreign Affairs and Trade (DFAT). Everyone were asked to look into our books.

Mr Assistant Speaker, sadly at that time, our debt combined; debt that we hold formerly under Treasury and debt from the entire government, including state-owned enterprises amounted to almost 40 per cent debt to GDP. One of the first responsible thing we have to do was amend the *Fiscal Responsibility Act* to ensure that we lift it up to 40 per cent so that we are compliant.

When we came on after Covid-19 hit in 2020, we knew that our economy will be in a far better place and to ensure that we are consistently working within our own laws, especially when we were shopping out for cheaper US dollar denominated lending. For

instance, the Japanese lending that we took in 2020 was 0.01 per cent interest and had a five-year grace period, meaning repayments will start in 2026.

Those were the types of borrowings we were looking out for instead of going to Central Bank for inscribed stock and Treasury bill, which you will be repaying in six months at a rate of eight per cent to ten per cent. We differed and then shifted into a better credit deficit financing option to ensure that we use our government budget to sustain and support our economy in years 2020, 2021 and 2023.

These were three hard years when we were coming through, not just from our own economic recklessness of the past government I was with, but more importantly, the combined effect of imported inflation and impacts to the economy as a result of Covid-19 shutting down everything in 2019 and 2020.

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The effect of it we are still coming out from and in 2020, we were going straight into the Ukraine/Russia conflict that again added to China shutting down. This resulted in oil prices going up and now going down and the commodity prices were not good.

Mr Assistant Speaker, I just want to inform all of us, in the context of an economy that is not running well globally speaking, Papua New Guinea may not be doing very well but we really are not doing so bad either. For instance, look at the global statistics of inflation. Global inflation is above six per cent on average. In the last three years, inflation is under six per cent in Papua New Guinea. That's not James Marape statistics, you ask Central Bank. They will tell you that global average is above six per cent. Papua New Guinea's average is below six per cent. The former government I was with cannot tell you that that is high because their average was above seven per cent in the eight years that they were in office. It's not my number, it's the Central Bank's number. You check this!

A responsible government must contain inflation and the effect of economic war. We did something! The former Prime Minister has never done that in the interventions that he's brought in as Prime Minister. I tell you what we've done in the last two years and it is encapsulated in our 2020 Budget and encapsulated today in our 2023 Budget. What we did has never been done before; increased non-tax paying threshold to above K20,000. Before it was at K12,000. We've increased the non-paying threshold to K20,000. You know who that impacts and assists? You and I including politicians who own hotels and beer factories. They may not feel the impact of tax removal but the K20,000 bracket removal –

Mr Peter O'Neill— Point of Order! I do own hotels and I do own businesses. I employ hundreds of Papua New Guineans. I pay millions of kina in tax every year. That's what's contributing to our economy. Do your job, Mr Assistant Speaker! That's what the Prime Minister should be doing. You are just personalising and playing politics and you have done nothing in four years. Done nothing in four years! Stop personalising it!

Mr ASSISTANT SPEAKER – Honourable Member for Ialibu-Pangia, your Point of Order is Out of Order.

Mr JAMES MARAPE – Mr Assistant Speaker, coming back to this matter. We have increased non-paying tax threshold so that small Papua New Guineans; security guards, those who work in lower echelon of the public service structure and private sector that he claims to employ are not paying tax anymore. This is in response to the question he asked about what we are doing about the tough times we are going through in the economy. He asked pretty lengthy questions. His questions deserve an answer from me and to the best of my knowledge, I will respond to the questions he asked. Tax relief is now up to K20,000. Small mums and dads, the hardworking Papua New Guineans out there, for the first time we have given them tax relief. They don't pay tax. You and I may not feel the joy of taking home K60 every fortnight but a small guy who caddies for me at the Golf Club, the security guard who assists me at the golf course, he is happy that he takes home additional K60, enough to buy one more bag of rice.

By the way, Mr Assistant Speaker, we not only did this, we removed 10 per cent away from essential household items; at the fuel bowser, away from rice, away from tin fish. The only problem stopping us from not doing this effectively is the system in IRC that calculates GST which is a uniform system. That is why Treasurer has released today, as we speak, over K25 million already to IRC to reconfigure that system.

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So, that we can be flexible anytime whether for the government today or the government into the future who wants to assist our people, this precedence can be used by removing tax from core household essential items like rice, tinned fish, soap, mothers care and fuel voucher.

Mr Assistant Speaker, we are not illiterate or mad man taking charge of this country. I am a son of a poor man running this country. I come from a class of under privileged and non-business owners in this country. We know exactly what the small people are toiling and we made those interventions by removing taxes from them to give relief.

Mr Assistant Speaker, paying of school fees, any government on this earth will continue to pay the school fees, even in universities. We are assisting immensely like never before in terms of offering HECAS and TESAS scholarships for students. And even unfailingly funding the DSIP and PSIP so that members could assist districts also in school fees for the students, including Ialibu-Pangia which we unfailingly have given to.

Mr Assistant Speaker the Member for Kompam-Ambum talked about Connect PNG, I want to inform this House that over 300 contracts are running nationwide.

Today as I speak, bulldozers have penetrated from Menyamya into Assiki now and its crossing over the mountains that splits PNG. We have bulldozers also working from the Kerema side which has passed Epo and into the mountains. That reflects over 300 small to big local contractors unlike the former Government, which was giving more to overseas contractors. We are giving more to local contractors. You see the Nine Mile to 14-Mile Road, a local contractor delivered top class road and employed over 500 Papua New Guineans.

Mr Assistant Speaker, these 300 contracts running nationwide in the last three years have created more jobs than Porgera Mine will ever give. With Porgera Mine, 3,000 workers were shutdown but Connect PNG program gave more than 15,000 jobs to all Papua New Guineans working in the construction industry in the last three years.

Mr Assistant Speaker, I want to inform this House that we are not reckless running this country, we have our hands and fingers on the pulses of our people. We know very well the pain of our people from needing help, if not in one area, then help in the other areas.

Just when Porgera Mine was coming to a close and I will come to it later, we created more jobs in the construction space, especially Papua New Guinean jobs.

It was not too long ago when we saw that in Port Moresby City. And please my friends in China, I will visit them in October but don't be offended, I won't come to China to get jobs. Under the O'Neill Government, there were more Chinese working in the construction industry then under Marape Government – record. Period!

So, in the last three years we have given more contracts of 15,000 jobs were created as a result of the Connect PNG Program in helping the economy get by.

Today, the result may not be good by everyone desires. I am the first one to admit that it's not perfect result. But in the last four years, if you measure at the micro-economic level, the size of the GDP is an indicator but it must translate to our people, and that's something we are working on going forward.

But if you just talk about the size of the GDP at the micro-economic level, Somare took over from Sir Mekere, it was a K17 billion economy when O'Neill took over from Somare, it was a K46 billion economy. But when I took over from O'Neill, it was a K79 billion economy.

Today we are sitting on a K113 billion economy. Do your mathematics, in four years, we grew the economy by K33 billion. Mr Assistant Speaker, in eight years, Mr O'Neill grew the economy by K35 billion.

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The economy is not the only measure of success but at the very macro level. We were able to grow the economy the fastest in four tough years trying to stabilize a ship that would have otherwise sunk as far as our national economy is concerned. Now the work remains in us getting the nuts and bolts in place and I appreciate the question that the Member raised.

Porgera must be started up early and I do apologize for some of the dates that were raised. These were dates given to us by the State negotiating team; Papua New Guineans who tried their very best. This is a team that is not staffed by experts but by our own people who assist us by getting the greatest most improved benefit sharing agreement of a world-class mine; far better than the erosion that took place in what was Porgera Mine. It eroded from what we owned earlier; 30 per cent to only about five per cent by the time the mine closed.

This is the five per cent that the people of Enga owned. The Member asked what happened to the Enga Children's Fund? I would ask him to take the debate to the Enga Provincial Assembly, debate it there and we will assist in an investigation here. Moving onto the issue of Porgera Mine, I do apologize for a couple of dates that were set but there are many moving parts. The regulatory requirements, many court proceedings that ensued and injunctions taken by landowners, MRA and Barrick against the State. There is a whole process of renegotiation that needs to take place.

I want to inform this Parliament that we are almost there and next week there will be a development forum taking place; this is part of the statutory requirement to clear consultations with all landowners including the five districts of Enga. All are asked to be at

Wabag when the development forum takes place. This where all the issues including those of the old SML1 and the new SML 11(a) going forward will be addressed.

I want to commend the Minister for Mining and his team who have worked on this to ensure that the development forum that is set for next week Monday. All stakeholders including landowners SML and LMP, project area foot prints from the Porgera river downstream all the way to Strickland and into the Fly area, you are all welcome to participate in this development forum. That is the place where the new Porgera and all issues relating to it will be dealt with.

Mr Assistant Speaker, I will quickly run through some of the notes that were mentioned. on the foreign exchange and Puma issue; the Government has established a task force that is now reviewing in totality what has happened and is being chaired by Minister Kerenga Kua and assisted by the Treasury and the Deputy Prime Minister. There is more to this than we may have realized but I want to inform all of us that a permanent solution will be found, including moving away from only one energy supply that we have in our country.

When Puma came in 2015, they became the only supplier and we were depended on them. We are now looking at a permanent solution where we are not held to ransom by one supplier. We want to ensure that we diversify. The foreign exchange issue is not really a cash issue, we have sufficient cash and we have built up. If you look at foreign exchange as an indicator as to how we are running the country. The previous Government's averaged foreign exchange at K7 billion but we are now hitting K14 billion threshold in the last four years that we have built this up.

Foreign exchange is really is not the issue, it is the requirement for access to foreign exchange that is the issue. Central Bank has been informed and they have to legalize their monetary policy to ensure that not only Puma but those that need foreign exchange a given support. Our Government is seriously looking at using other currencies including the Chinese as a currency of trade. We are also looking at the Central Bank to hold specific US or foreign exchange accounts but by major clients or those who regularly need it.

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These are the reforms that we are looking at to bring into to Parliament to ensure that we liberalise the foreign exchange issue and make sure it's no longer an issue for us in our country going forward.

On the illegal firearm issue, I want to inform this House, Mr Assistant Speaker, we've already passed law in Parliament that those who are in possession of homemade or any type of firearms will get life imprisonment. At the moment arrest is going on. In some other parts of the country that may still have access to firearms, the penalty is life imprisonment and those caught will go behind bars. We will not change the law on this.

On the issue of buying back firearm, it is not something that we have possibly considered but at the moment, I just want to give stern warning to whoever has in possession illegal firearms that police are doing investigation on everyone.

If, I could put one case in point. I think two weeks ago, after months of following one or two persons known to supply firearms to Hela, Southern Highlands and Enga provinces an arrest was made and it's linked to the supplier of the firearms. All his assets are being worked on and we hope the court and Police to do their job diligently. Sixteen of them have been arrested so those who have illegal firearms, well it's life imprisonment for you.

We are looking at restructuring the Police Force and recruitment is going on today. In the Police Force there is change of police firearms happening right now as we speak. So, that we isolate the possibility of police type ammunition because criminals are using M16 s and SLRs that are prevalent in societies. We've now issued direction to police to change their gun and hopefully the bullets, and the current bullets becomes redundant because that would eliminate a possible source of bullet supply.

Those have been looked at it in totality, police are changing their guns. We are working to bring back military to the barracks. Police are also working to setup a special force with power to directly deal with gun-related crimes in our country going forward.

My apology for taking a quite a long time, if the Member could re-supply all the questions that he asked to me by way of a letter. We will give respect to these questions and take them up completely and respond to him here or more importantly in a public response through media and elsewhere.

On the issue of Enga children fund. These public funds are governed by trust instruments. If trust instruments are breached. As the Member concerned, he can file a complaint. We now have given benefit to the country through the Independent Commission Against Corruption. This Government has brought ICAC into existence. ICAC is now run by three experts; one from New Zealand and two from Australia. These are highly competent, anti-corruption persons sitting in these important offices.

If there is any sniff whatsoever of corruption, you have every right to mount a formal complaint. Not just to advocate here in Parliament, in the social media or media for that matter. Any corruption issue, we now have ICAC focus on misuse, mismanagement and so forth.

This Parliament also in the last term under Pangu's watch has allowed for the *Whistle Blowers Act* to come, you will be given protection. We have also allowed for the amendment to *Proceeds of Crime Act* that brought in the undisclosed wealth provision into that.

So, anyone whether it be an associate or worker of a politician or politician for that matter found to be living a life style that doesn't commensurate to the income, then the laws that we brought into Parliament is there to assist to ensure that we remedy the situation going forward.

So, I will encourage the good Member, you have every right to ask this question on the Floor of Parliament and every right to submit further questions to us. You have every right to deploy, restitution or further investigation through ICAC, police, Ombudsman, and through other legitimate avenues that are available. The Government will assist also to look at the Enga children funds structure and its service.

Thank you, Mr Assistant Speaker.

19/07

**MINISTRY OF STATE ENTERPRISES – STATE-OWNED ENTERPRISES
REFORM PROGRAM PNG POWER LIMITED –
MINISTERIAL STATEMENT –PAPER NOTED**

Mr WILLIAM DUMA (Hagen – Minister for State Enterprises) – Mr Assistant Speaker, today I wish to update Honourable Members of Parliament on progress being made to reform and rehabilitate PNG Power Limited, and to refute counter-productive speculation and misinformation, some of it politically motivated.

It is a fact that PPL is experiencing difficulties, which have worsened in recent days, and the Marape Government recognises the impact on people's lives, the business community and the wider economy.

But in acknowledging these uncomfortable facts, I want to reassure the public that we are administering strong medicines to cure PPL's ills.

Late last year, the Government, through trustee shareholder Kumul Consolidated Holdings, with the assistance and cooperation of PPL and other agencies, began preparing the foundations of the first phase of a rescue plan for consideration by NEC. This rescue plan has been approved by the NEC.

Mr Assistant Speaker, I want to stress that prior to the Marape Government assuming office in 2019, PPL had been allowed to drift without effective oversight, without concern for its finances and transparency and accountability, with constant changes of executive management based on politics and cronyism, and a complete disregard for the continuing decline of its operating capacity and its infrastructure over more than 20 years.

Honourable Members will know that the previous administration was aware in 2015, when it declared a State of Emergency at PPL, that drastic action and substantial funds would be required if the national power company was to survive.

Yet it did not deliver what was necessary, and the financial losses and power blackouts increased.

Now we are all paying the price for that negligence and lack of concern over more than 20 years with the national power operator on the brink of failure.

Mr Assistant Speaker, PPL has reached a critical point where all financial indications show that the company is in danger of insolvency and requires significant cost cutting, and recapitalisation. It has not made a profit since 2016 and has accumulated losses from 2013 totaling K593.4 million. It owed about K882 million to unsecured creditors at the end of last year.

Based on the 2022 financial results, PPL is averaging K76.9 million in revenue a month, and incurring K91 million per month in costs. Honourable Members will understand that this is an untenable situation.

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Over the past decade, revenue has grown by only 27.61 per cent, from K735 million gross to K938 million, while costs have increased by almost 50 per cent, from K768 million to K1.15 billion.

Mr Assistant Speaker, PPLs audited financial statements continue to be disclaimed by the auditors, which signifies the view of the external auditor that information is missing or does not exist and therefore the auditor cannot provide an opinion on the accuracy of the accounts. This is the worst possible outcome from an external audit.

The carried-forward end-of-year balances are not confirmed, which limits the ability of the Board of Directors of PPL and management to understand PPL's financial situation with confidence and to make informed decisions.

Major contributing factors over the past 15 years that affect power system reliability, cost and accessibility include human capability, aging infrastructure, an almost non-existent asset management program and a lack of capital investment in core assets.

Mr Assistant Speaker, managerial, technical, and financial capacity have been major limitations in PPL's attempts to reform itself, especially its inability to plan and manage projects of this nature and scope. Therefore, Kumul Consolidates Holdings (KCH) as a shareholder will be leading the team responsible for saving PPL from now on.

Mr Assistant Speaker, the Marape-Rosso Government has responded to the challenges thrown in by PPL in addition to the emergency action and funding initiated in 2021 which included the contribution by KCH of K439 million plus in-kind resources to help the company.

In 2020 and 2021, the Department of Treasury and KCH completed all the SOE-related reforms required under Sub-Programs 1 and 2 of the Asian Development Bank SOE Reform Program, which was initiated by the Marape-Rosso Government and worth about K860 million in a policy based loan which was then regarded as budget support. From this money KCH has received only K288 million to support SOB recapitalization.

In 2022, the Department of Treasury and KCH completed all the reforms required under Sub-Program 3 of the Asian Development Bank State-owned Enterprise Reform Program which provided K850 million in December 2022 of Budget support to the State forwarding to SOEs. Funding from this sub-program is yet to be allocated to either KCH or PPL.

Mr Assistant Speaker, these Reform Program achievements are very significant, especially considering the disruptions caused by the Covid-19 pandemic over the last four years.

PPL is now embarking on a comprehensive and far-reaching restructure, based on facts established by expert analysis that has continued over the past few months with a methodical approach to deal with very deep and complex issues that have been allowed to fester for more than 20 years.

Mr Assistant Speaker, I must confirm that in March 2023, the National Executive Council approved a funding of K211 million for PPL. This is the first time in so many years

for a government to give direct funding to PPL. The Marape-Rosso Government has put money where its mouth is. With support from Treasury, PPL will execute a financial and technical turnaround at PPL.

Corporate restructuring is estimated to cost K26 million, technical reform (engineering and retail) K 155 million, with contingencies set at K30 million.

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Kumul Consolidated Limited, PNG Power Limited and Treasury have successfully sourced K1.075 billion in funding to support PNG Power Limited's 15-Year Power Sector Development Plan, consisting of K720 million from ADB, K250 million from Australian Infrastructure Finance Fund for the Pacific and K105 million from the World Bank. The plan is for these funds to be released over the next 15 years.

Mr Assistant Speaker, PNG Power Limited reform will focus on eight key areas: -

(1) Organizational Efficiency (short-term) - emphasis on implementing cost-cutting measures to strengthen PNG Power Limited's liquidity position.

(2) Optimizing People and Culture-analyse the essential skills requirements across the company and assess whether specific capability exists and evaluate the current constraints to human capital and work culture. Then take action to address competency gaps and implement change management initiatives, including in relation to staff culture and work practices and the *Essential Services Act*.

(3) Financial Management Strengthening - target all aspects of the company's financial management capability including but not limited to budgeting, forecasting, cost tracking, cost control, procurement, securing financial records and fixing disclaimed/ qualified audits.

(4) Business Re-capitalization - identifying options available to recapitalize the business to meet the large creditor position and mobilize capital for grid stability and strengthening work to be undertaken.

(5) Revenue Improvement focus on addressing non-system losses, particularly improving billing, metering, and collections.

(6) Service Reliability Improvement - develop a detailed and prioritized, fully costed capital expenditure plan across all grids, in line with the 15-Year PNG Power Limited's Master Plan and other relevant strategic industry plans. This will then be used to engage with development partners to solicit targeted funding support.

(7) Power Development Plan - in line with existing regulation it is important to have a Power Development Plan that is updated every five years. The plan should include forecast capital and operating expenditure across PNG Power Limited's operations based on least-cost principles.

(8) Regulatory Contract Negotiation (Tariff Setting) - this component aims to develop regulatory contract negotiations with the regulator, the National Energy Authority.

The corporate focus for the next six months will be stabilizing the balance sheet, cutting costs, instituting an Expenditure Control Committee, improving and tightening tender and procurement processes and right sizing the organization.

The operating and technical focus for the next six months will be on restoring stability and reliability to the Port Moresby and Ramu grids, and providing fuel support to provincial mini-grids. During this period the condition of assets on the two main grids and provincial systems will be assessed - an essential task that has not been conducted since 2011-

Mr Assistant Speaker, grid-strengthening will take up a large part of the proposed funding. Reliability is integral to increasing revenue by ensuring that major large-load customers remain on the grid and those who are self-generating have confidence to reconnect to the grid.

22/07

Reliability of the grid underpins PPL's retail targeting the connection of several large customers in POM and Lae who have the potential to significantly increase PPL's revenue, based on their demand profiles.

Discussions are continuing with development partners to diversify and strengthen provincial grids through hybrid sources such as solar or battery and mini-hydro schemes, which will further reduce costs and improve reliability.

In the medium and longer term, PPL reform will focus on new and upgraded substations and associated transmission infrastructure in Port Moresby and other centres, solar and battery systems including for Yalu in Morobe province, Aitape in East Sepik, Arawa in the Autonomous Region of Bougainville, Daru in Western province and the Gazelle Peninsula in East New Britain province, an International Finance Corporation hybrid power initiative, and improvements to the Ramu transmission system.

In the longer term, major projects include the Ramu 2, Naoro Brown, Finschhafen hydro projects and conversion of thermal grids to solar and mini-hydro systems will be progressed.

Mr Assistant Speaker, there are no easy and quick fix solutions for the cancer that has been eating away at PPL for the last 20 years.

While some remedial action, including the stabilisation and strengthening of the Port Moresby and Ramu grids and fuel support for provincial systems can begin almost immediately, full reform and rehabilitation of the national power supplier must necessarily be carried out in stages over an extended period.

Mr Assistant Speaker, the Marape-Rosso government's initiative, the first serious attempt at real reform of PPL since 2013, will proceed as it began carefully, methodically, responsibly and on the basis of facts identified by expert analysis.

There is a real danger that any untoward actions now, or failure to achieve the reforms I have outlined, could spell the end of PPL and rapidly lead to nationwide disruption that would ripple across Papua New Guinea into every aspect of people's lives, the business sector and the economy.

Honourable Members should be aware that there are other options open to the Government, including placing PPL into receivership or implementing immediate privatisation, but the Marape-Rosso Government believes that reform is the best way forward at this point in time. This position will necessarily be reviewed in the near future, depending upon the outcome of the reforms being carried out in PPL.

The medicine will not be pleasant, but if PPL is to stand a chance of recovery, it must be taken.

Mr Assistant Speaker, there must be political will to force and introduce the required and necessary changes to turn around our national asset, PNG Power Limited.

The Marape-Rosso government has always had the political will to make the necessary changes to all SOEs including PNG Power Limited since it took office in 2019. I became Minister for SOE in 2021, and I also have the will and determination as Minister to push for the changes to turn around PNG Power Limited.

Thank you.

23/07

Mr ALLAN BIRD (East Sepik) – I move –

That Parliament take note of the Paper.

Thank you, Mr Assistant Speaker. First of all, I want to commend the good Minister for this report. You would have noted that in several previous sittings of this Honourable House, I have requested the good Minister to bring such a report to this Floor for the benefit of the members of the House and also for the benefit of our people who are suffering as a result of the failures by PNG Power.

This report, whilst it is welcomed, still raises a few issues that I wish to place on record, so that perhaps, the Minister and the relevant responsible agencies can take into account. It is obvious and from the statement from the Minister, that the collapse of PPL actually began some 20 years ago. So, it is a systematic, oversight and accountability failure.

But more than that, I think it goes to show that organisations that are left to themselves and organisations that depend on the National Government for support, there is very little incentive for them to perform at a maximum level. There are papers in many countries that indicate and support that.

In Papua New Guinea, there are not too many state-owned enterprises that are profitable. That is simply because they know that when they are inefficient, incompetent, corrupt and not performing, they can always come back to the national budget and take the tax-payers hard earned money and continue operating. That has been the case for many decades.

While it is important to give them hard medicine, I will suggest to the good Minister and this Honourable House, that this organisation does not need hard medicine, it needs radical surgery. It has been left to basically do whatever it wants and it has never paid attention to any of its customers' needs.

If you want to see the customer focus of PNG Power, you drive to Hohola and check their office. The carpark for the customers is only 15 metres across, but if you go to the back of the building and you see their employees' carpark, that carpark is equivalent to about three soccer fields. When you take a look at that from a management perspective, that tells you the inside thinking of the culture of PNG Power. They are more focused on looking after themselves by having a very large carpark, and they give their customers only 10 parking spaces in front of the building.

Such an organisation needs radical surgery. They need to change their focus and be more customer oriented. If you want to look after your customers, provide spaces for them, not for yourself. But that is what we have come to expect from this particular organisation, unfortunately and sadly. And as a result, after 20 to 30 years of extreme neglect, poor operations, corruption and maladministration, we now see the situation around the country where some provinces have been without power for two weeks.

This is a failure that has been neglected and successive governments haven't paid any attention to it. As I have mentioned earlier, many issues of this country, successive governments have not dealt with them to the point where it affects this Government. That is not to criticize anyone but a recognition and a statement of fact.

The former Prime Minister of Singapore, the great Lee Kuan Yew used to say and I quote, 'if you have too many fleas on the dog, eventually, the fleas will kill the dog'. PNG Power is a classic example of all the fleas killing the dog.

I could not believe when the Minister finally admitted, and that is not to criticise the Minister, that this organisation owes K882 million.

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Technically it's already insolvent, it can't operate. It needs input from the Government to continue operating. Now I wish to suggest that we should have got this report a year ago when the debts were around K500 million or something. Now it gone to about K900 million, or could be up to about K1 billion as we sit in this House. I'm not sure how old this report is. How do we get it out of this current situation that it is in? I see the proposed actions by the good Minister and I think that we all want to believe that maybe we can sort this out but I wonder if it's going to be enough. I see the significant amount of money that donors and other partners are going to put into the organisation. I wonder what our partners are thinking. Are they going to have the confidence to put over a K1 billion into PPL? Knowing very well that, you essentially need to sack the Board first, perhaps, you need to have surgery and remove the entire management because obviously they have been there and they're allowed this organisation to get to this point.

I'm not sure if any of that structural change will be made because once we talk about it, we are going to look at some kind of behavioural change within the organisation. Again, I come back to the point radical surgery and I want to stress that many of these people need to be removed from their jobs. They have proven that they are incapable of running such an

organisation. They're just running it straight into the ground. On that point, what are the things we are doing to ensure that this does not happen again? How was it allowed to fail deliberately or was it simply because of a lack of oversight over a long period of time and nobody noticed? Things were not going well but no one wanted to notice it. That I find hard to believe. So, perhaps taking a look at some of the accountability mechanisms to ensure and perhaps making sure that if there is going to be a new CEO of PPL, there are very clear performance requirements by the Board. If they are not able to meet that then obviously, let's remove that person and put someone else in. We've got to keep going like that until it works, if you want to continue to support PPL and continue to feed it and nurture it.

We've got to be strict about who is going to be in charge of that and that person or those individuals need to have very strict performance criteria attached to them. The other thing I did not see in this report was that, there is no identification of the major loss areas that result in PPL coming to this point where it owes K900 million to its creditors? Is someone going to identify where the major loss-making areas are? And it is pertinent for this House to know? We need to know what is causing them to lose money all the time to the point where they now owe K900 million to their creditors. And then on top of that, do we have a risk management strategy for PPL going forward? Most importantly for the country, energy is not a simple thing that we can mess around with as we can see now. Businesses are suffering, ordinary people are suffering, we are not expanding the grid. So what risk management strategy are we putting in place to ensure that the country does not arrive at another point in the future where we suffer the same consequences because this is still a monopoly. We will still be at the mercy of PNG Power. So, if they mess up, we will still suffer the consequences. So, I'd like to see the risk management strategy that guarantees the leaders of this country sitting in this House but also guarantees the people of Papua New Guinea that we can solve this problem once and for all and if we cannot, then there's a fallback position that the Government will adopt.

And finally, once the good Minister is ready and all the hardworking people of Kumul Holdings get to work on PNG Power, I would like to request that the good Minister come back to this House and present to the Honourable Members what the turn-around strategy looks like we can hold the management and the board of PPL accountable.

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With that, I want to commend and thank the Minister and I also want to thank you Honourable Speaker, good to see you back in the House. On behalf of the people of East Sepik, thank you very much.

Mr POWES PARKOP (NCD) – Thank you, Mr Speaker for recognising me to contribute in this debate. But, before I do so, I also join with my other colleagues in saying that I am happy to see you back fit and healthy. On behalf of our people in the city, I wish you good, long health.

Coming back to our debate, I commend the Minister for going through a lot of pressure from us, it's appropriate and deserving that we put pressure on him. We all have felt the pain of the failures of PPL, which didn't perform well and the report here confirms it. Now we are at a confusing stage not knowing what to do next.

Are we going to trust the Minister and the process that he is embarking on or do we suggest other options? I want to say from the outset that we should be open to adoption.

The bottom line is for us to ask ourselves, would you in all honesty invest your personal funds in PPL with this current condition? If you know that your investments in this company won't bring any returns then we have to consider other options like what Governor for East Sepik has mentioned.

If I were a banker, I won't invest in PPL because I know there won't be any returns for it. I have no confidence in the steps we are considering to take for PPL in its current condition and turn into a viable company again in providing services and making profits.

We all can agree that the Minister is trying his best in organising the board and management and the structural change over six months. Mr Speaker, maybe in 15 years' time, we will see the changes.

Mr Speaker, and honourable Members, we can't wait for 15 years because power is essential to basic life, businesses and the economy as we all know. Here in Port Moresby on behalf of my Constituency, we all are like the power company, all the corporate companies must have their own backup generators; instead of doing their core business they have to operate their own backup generator and buy fuel for it. Who pays the costs, they are passing the cost to everyone.

It's the significance of this failure and the economy cannot function. No investor would want to come here and set up a manufacturing company if the power is not reliable.

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Now that we are in the digital technology most of these IT companies would refuse to come to PNG because power is unreliable. This is the dire situation that the Minister has shared. He has been honest and maybe if we are honest, we will come up with a solution.

Mr Speaker, I see that we are doing the same thing as mentioned by the Governor for Sepik. When there is a problem we seek funds and try to alleviate the problem and we do this by getting public funds to try and solve this problem, as it is the easy way out. Now we are going to use K1.75 billion to spend over 15 years with the hope that PNG Power is going to be turned around. I agree with the Governor of Sepik that we need radical surgery or otherwise let us bite the bullet and make critical strategic decision. If we need to 'fire sale', let us do it to strip it up from the situation that it is in now.

Sell some parts of it to the private sector or anything that can ease the challenges that we are facing with PNG Power right now. Let others take over it so that they can build it up to meet the consumers expectations or make profit or whatever it is, at least they are providing the service we want and that is undisrupted power supply.

The Governor of Sepik thinks we should do radical surgery, I think we need a fire sale. While it still has some value, let us sell it so that we can start to have a real recovery. Brings me back to the sale of PNGBC, I think it was not as worse as PNG Power but what did we do? We used the fire sale strategy. We all know that the value of PNGBC with all its assets throughout the country together with the savings of all the people was worth the sale to BSP. I think it was sold at a lower cost or maybe it was not properly valued. But the Government at that time had to decide at that time on the future of PNGBC.

Look at the turn around now; we may have our complaints about the merger and sale but BSP is now under pinning the country's economy. It is now nationwide and has branches in the South Pacific and who knows it might go out to Asia and elsewhere. This is because the Government at that time made a very decisive critical decision. If they would not have taken that action maybe PNGBC would have lost everything.

At that time, it was decided that public funds would not be used to rescue it and it was sold at whatever state it was in at the time. Look where it is now, BSP is thriving amidst the many complaints that we still throw at it but we must be happy that the Government at that time made a decisive decision.

We are now faced with PNG Power and have to spend K1.75 billion over 15 years; what guarantee do we have that we will have operational efficiency, optimize and have financial strengthening. All these are good but let us look at the psychology of man, how we do things is fixed especially in adults.

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Mr Speaker, you look at your behaviour every day, it's not changing. It's already fixed. How people do things is how they behave. So, we won't expect some people to change, if we don't do radical change. So, following the argument of the Governor of East Sepik, to change overnight and suddenly there'll be efficient, effective and productive to be able to provide a viable company with a service oriented never mind profits.

Here in Port Moresby, I don't mind whether PNG Power is making a profit or not but at least its providing service. But they are not providing service, if they can make ends meet to recover all their expenses, it will be fine, but we have a huge debt. We have borrowed additional K1.75 billion and what's the guarantee when we reach 15 years.

So, this is my concern and I think we are at the stage where we can follow the advice of the Governor of East Sepik; the radical surgery, and I don't know what it meant by that as he is not a medical doctor.

Otherwise, we bite the bullet and do a fire sale whatever the value is. It's worth K1, or K100, or K1 million, we divide it and whatever assets left PNG Power can keep that? What can we sell so that the other players come onboard, let's do it.

Mr Speaker, that option should be also available to the Minister, he has requested for another six months, I think you should start thinking about it now. I want to suggest this and it's up to the honourable ministers in the Cabinet, you can make decisions but sometimes we bite the bullet and make a decision that can give us a better outcome for the future instead of repeating same things.

Air Nuigini is not generating any profit and we are getting public funds to support the operations. Services are still poor and doesn't make ends meet. Unprofitable, it's a black hole that we keep on allocating public funds.

If it is our personal money, we will not fund Air Nuigini for that matter. So why we are getting public funds to support Air Nuigini or other State-Owned Enterprise that are not doing well.

This is the option that we have Mr Speaker, it's early days maybe it won't deteriorate anymore if we can make a fire sale. That's my proposal.

Thank you, Mr Speaker.

Sir PUKA TEMU (Abau) – Thank you, Mr Speaker and welcome to the Chair. Its good to see you back in charge of this Honourable House.

I want to appreciate and commend the honourable Minister for this very truthful statement that the Minister has given on this entity that all of us have been complaining about for a long time. And I want to associate myself with the two honourable Governors that have spoken before me.

Particularly, on my strong belief that governments have proven that we are not good in managing business. When we interfere, businesses never makes profit and expand. And so, in this debate Honourable Speaker, I am speaking on behalf of the 50,000 people of Abau, whom I have been representing on this Floor in my fifth term.

Since 2002, when I stood, I've been visiting all the CEOs of the PNG Power and Elcom.

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Mr Speaker, but today power connections has stopped in Rigo. The neighbouring electorate is Abau and it still hasn't covered the whole of Rigo. It's now gone to Hula and stopped there. forty years on and things have stopped; power has stop expanding beyond Rigo and I know going in the other way towards Kairuku is also the same.

Mr Speaker, shamefully, when we hosted a meeting of Central leaders, the Minister for International Trade came and scolded us. He said, power is so close, why haven't you fought for it to come as far as Hiri-Koiari, Kairuku and Abau.

Today as we debate and whilst people are complaining of frequent blackouts in the cities, the people of Abau have been without power for years, and nobody seems to be thinking about those of us who have no access to power. We complain about blackout, I also complain here on the Floor about blackout.

Two weeks ago it was twice a day and I complained but our people of Abau district and others have not yet being connected. They have been in a long blackout way before independence and are still there.

Mr Speaker, therefore, on behalf of the people of Abau. The Honorable Governor of East Sepik spoke the medical language which is my turf, but I want to speak his language as a contractor. We do not need to rehabilitate a building or do maintenance, no. We have to build a new house; demolish and change it all together. Government arm's lengths.

I'm thinking maybe put it through Initial Public Offering (IPO), Nasfund, provincial government, private sector so that they will then bid and see where the interest is, rather than waiting for 15 years. I've been waiting for 20 years.

Mr Speaker, I won't be on the Floor of Parliament for the next 15 years but I want my people of Abau to have power, today. We've been missing power and so like the private companies that are buying generators and solar equipment, we've been living in a very expensive life just to have one switch on for light and a refrigerator to keep our fish fresh before we bring them to the market and to make ice blocks. What kind of life is this?

Isn't there an entity that manages the power in the country, that they generate K1 billion a year? And then our hard working Minister is trying to go back to the maintenance and organizational efficiency. How many times have different ministers done that? Optimizing people and culture, what kind of optimization do we need? Financial Management; is it a new thing to be strengthened?

Business recovery, I agree, we need more injection but Government has too many priorities and, therefore, in this instance I think, Mr Minister, we should look at other serious options rather than following these eight steps for the next 15 years.

Mr Minister, 15 years is a long time and if you had 15-40 years since independence like Abau, Goilala and Telefomin for instance, people have had no power. You think that's fair, is that good governance? No, in my book we have failed.

Mr Speaker, we are not going to create a new technology to provide electricity.

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Hydro-systems have been proven and solar systems are in place, all the IPPs are hydro and our gas is there. It is not new technology that we will have to go look for to expand power to the rest of the country.

So, my humble opinion on behalf of the people of Abau who have been denied electricity from time immemorial, Mr Minister, the building brought us 15 years of maintenance. Change of window blades, water taps and roofing, but the base is rotten and termites have damaged it all. We need a completely new structure, get the provincial

government to participate, get our super funds to participate or interested companies that are already billing us high bills through Independent Power Providers (IPP). There is interest there! Or what kind of balance sheet do you want to create?

Mr Minister, through the Minister, I urge you to listen to the debate.

The debate is new building and radical surgery but radical surgery too is not enough because it will be just the same men and women, so let's put in new clones.

Mr Speaker, that is my honest opinion. The Government has proven that they are not good in running businesses but the private sectors out there I think have the business acumen, management and financial capability to participate if we give them a chance.

Thank you, Mr Speaker.

Mr SPEAKER – Honourable members, I see that many of you want to debate on this issue on PPL which is important. I will allow all of to participate so if I do not call on you then be patient, you will have your turn but for now I will allow the Opposition Leader to make his debate.

Mr JOESPH LELANG (Kandrian-Gloucestre – Leader of Opposition) – Thank you, Mr Speaker. We in the Opposition are happy to see you back in your Chair, running this meeting today. I just wanted to convey that.

I would like to compliment the Minister and I do agree what the members who have spoken on this issue before me however it is an honest report on the status of PPL.

Mr Speaker, sometime back I read about a power company in China, and they were struggling like PPL but after the Government took some reform measures this company is now in the top 10 richest company in the world in the Forbes ranking. If we effectively and properly run our SOE's like PPL, it can be a very well established and rich company in the country and perhaps the region and it can be able to provide the kind of services our people need. We can run it rather successfully and profitably to add on more revenue to the State because that is what they are there for; it's the business arm of the government.

But the way things are going and thank you Minister,

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Cannot provide an opinion on the accuracy of the accounts. Mr Speaker, the auditor's report and the opinion is very striking. It's a way of saying that there are questionable

expenditures within PNG Power Limited and, therefore, I would like to suggest that we engage independent investigative auditors, maybe external, to come in and audit the books for PNG Power Limited. Because the opinion of the Auditor General is basically saying that there is corruption.

I am very concerned about the auditor's comments and I think it's about time we need to start giving the Board and Management some jail time. We are allowing them to continue to enjoy the privileges of the Company and they are not doing what they should be doing for our people and our nation, and we just heard what the Honourable Member for Abau said, it's a similar case for myself back in Kandrian Gloucester. Two hundred years ago they discovered electricity and to this date we are still without electricity, the entire electorate is outside the grid.

Mr Speaker, what PNG Power Limited is doing is a serious concern and I want to thank the Minister for coming out and telling us what is really going on.

We also note that PNG Power Limited is spending more than it receives. Only national Government has the ability to spend more than it receives because the law allows it to go into deficit. I'm not too sure about the agencies of the state whether they have the power to spend more than they receive or not. So now it shows that, that is a very bad board and management, and these people need to be replaced. The fact that management issue affects PNG Power Limited, I want to caution us that it's not a prerequisite for us to privatize. I think if we have a lot of competitors then we can privatize but we cannot create a monopoly corporatization is not working so we look at PPP where we can share the risks of profit. These are just my suggestions looking forward. This is a management issue and we must deal with the management.

I acknowledge the K439 million which the Government gave out in 2021 as a lifeline to help the Kumul Consolidated Holdings to help PNG Power Limited. I want to acknowledge the recent K1 billion funding by the Government and supported by the ADB and World Bank to help PNG Power Limited with their fifteen-year development plan. The only issue Mr Speaker, is that, it's not about the money. We need to address the issue on the PNG Power Limited. The reforms are important but we need to look at the issue of that fifteen-year plan, particularly like the Honourable Member for Abau has stated. I want to see the details of the plan and I want to see how PPL is going to penetrate the rural areas of this country and spread power to all rural areas. Right now power is just in the urban areas. It hasn't gone into the rural areas. All the reforms we are talking about must include the rural

areas and the entire nation into the grid, that PNG Power can make money and become a rich and powerful SOE in this country.

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We can't continue to maintain their small pockets and complain about so many things and getting so many handouts, and yet we are still in the same old space.

I support the comments by the governor of NCD. I am definitely not putting any money on the current PPL board and management. It is sad that they have brought the once proud Elcom back in the day to the current state of affairs that is before us. I just want to say shame on them. Shame on the board and the management!

Thank you.

Mr SASINDRAN MUTHUVEL (West New Britain) - Thank you, Mr Speaker. I also want to join other members in welcoming you back to the Parliament.

Mr Speaker, let me commend the Minister for his statement. For me personally, this statement gives some ray of hope that something serious has been done for PNG Power.

Mr Speaker, I was once a minister for that particular SOE for almost two years so I thought that the Chair will recognise me and give the opportunity when I stood up but I believe it is difficult to see me from this angle so I won't blame you for that.

However, for me personally, this statement gives some ray of hope. I have listened to some of the statements of the senior leaders and how risky it would be to invest in PNG Power. For me personally, if I hold this ministerial statement to be true, then I will personally invest my money in PNG Power. The Opposition Leader told us about how a Chinese company transformed into a profit-making entity. PNG Power is a monopoly and it has all the power to generate income with the level of infrastructure and investments that they have already done.

Mr Speaker, one thing that we fail to understand is that, we keep saying that we want the entire nation to be connected and we want the grids to be extended, and at what cost? Who will fund the extension of grid and all those things? To connect the entire country is not possible as we need billions of kina to do that. Every time we talk about community projects like connecting PNG Power to the rural areas but who will fund that? In any commercial business, if PNG Power is a private company, will that private company fund all the rural areas if there is no commercial point of view that they can generate income? You have to

invest around one grid starting from NiuPower coming to Gerehu or to Port Moresby. It will cost around K30-40 million just to transport power.

There is also inconsistency in the projects where we do some kind of knee-jerk investments where you have much bigger power to transport with NiuPower producing almost 50 megawatts and Dirio produces another 45 megawatts.

Now we have a new hydropower and I heard that they will build their separate power lines because the power lines that we have now is unable to carry that amount of load like 50 megawatts. It can carry a maximum of 20 or 25 megawatts. So, it is one of the bigger challenges and we need to take into account the cost of community projects expected from respective SOEs whereby they cannot really make any profit, but we keep expecting them to declare profit. For me, more than profit, is the extent of service we can give to our people, and the Opposition Leader correctly raised the point when he said; when are we going to connect the entire country by grid? You know, we have the geographical challenges whereby some of our population live in remote areas and on islands where it is difficult to connect power unless we have the Europe technology where we can run power cables under the sea to connect the remote islands.

Mr Speaker, another challenge that the Minister has mentioned is the ADB policy base loan. During my term, we negotiated about that policy base loan and it was purely on a minor reform. It's not like they have dictated to us but we have talked about merit-based appointments. For me, if you give that importance to merit-based appointments, which I am sure is happening currently then 50 per cent of the problems can be solved purely. For instance, appointing a female director on each board or being transparent of publishing our account, reports and other things. These are some basic things for any business to do and that's what we have agreed and ADB has approved US\$500 million and the Minister has clearly stated that in his statement. So far, K860 million was received in 2021 and K850 million was received in December 2022. That is almost K1.7 billion in order to give budget support based on this policy reforms.

I am thankful that the Government has finally helped KCH with part of this money to help some of these entities like PNG Power and Air Niugini that are financially suffering.

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Mr Speaker, many times we blame the entities. Government is also a major customer to all these entities; water, electricity and telecommunications. Do you know how much

Government owes these entities as we speak? The Government owes PNG Power K46 million. How can we expect PNG Power to purchase fuel from Puma Energy and produce electricity in the provinces when the Government owes them? The provinces are suffering as a consequence of that.

As mentioned by the Governor of East Sepik Province, provinces are suffering, and some are even going without power for two weeks. For instance, in Kimbe, power is only supplied to the hospital and residents. There is no power at my residential area so we opt to buy 300 litres of diesel that supply us for only two days. And when the generator is out of fuel, we all suffer. The provinces are the ones that are greatly affected.

My suggestion is the same as the Prime Minister's in regards to PNG Power only concentrating on their profitable grids; Port Moresby, Ramu and Gazelle grids. These three major grids generate profit for PNG Power. Focus on these grids and do away with the ones that do not generate profit, for instance, Kimbe, Kavieng, Wewak and Daru. The cost of producing power in the non-profit grid is K1.20 and they are forced to sell it for 80 toea and 90 toea.

Mr Speaker, in the last 10 years due to political reasons, we did not allow PNG Power to increase their prices. The public needs to know the real cost of the production of power. How can we expect that organisation to make profit when they are selling it for less than what it costs them to produce? Obviously, whatever profit they make cover the loss for the centres that are not making any profit.

My suggestion is for PNG Power to cut off all the operations in the centres that are not generating any profit, and let the respective provincial governments go into partnership with other agencies to address this issue. For instance, in Kimbe, we can go into partnership with New Britain Palm Oil and we run it to make profit. It is a loss-making operation so why is PNG Power still holding onto it. Give it to another company that has the potential to generate income and provide services.

The Minister has suggested the key reforms in the key areas where if we implement it, there will be hope. Of course, there are also other options available like what we did with PNGBC using 'fire sale'. It makes a big difference when a private company runs an organisation.

Another good idea was suggested by the Opposition Leader regarding private-public partnership. For instance, NASFUND can go into partnership with provincial governments in that sector. This will provide additional support and expertise from these respective

organisations who are business oriented rather than the government running it as a government entity.

There are so many other hidden costs involved with the production of power that we do not see, an example would be the 'pass-through cost'. They also have to pay for capital recovery cost. When you add up all the costs involved in the production of power, on an average it will cost 80 to 81 toea.

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The only lowest cost in the midst of PNG Power's generation is from New Britain Palm Oil. That is from that methane gas because there is no pass-through gas because the gas is fermented gas from the oil palm waste, therefore, there is no separate cost to pay for the gas. So that is the only cheapest source available, which is 36 toea per kilowatt that they are now getting cross over and also, they have not supplied the promised 1-megawatt power. They hardly give 500 kilowatts of power but they expect PNG Power will revise the cost and give them 50 toea or 60 toea, which I will support because this cost is still cheaper than burning the diesel. This is green power.

Companies can also take advantage of this and claim this carbon credit through the methane gas plant. So that is the only cheapest option, however, not for Port Moresby or Lae or other centres where there is no oil palm waste. Where there is oil palm there is an opportunity to set up this methane gas plant and we are keen for a public/private partnership for this initiative.

Mr Speaker, the Minister has already taken initiative and I think there was some misunderstanding when he said that it will take 15 years to reform the grid upgrade program. Now I see there are no issues with power generation. Port Moresby has a lot of power providers. You have NiuPower, you have Dirio and you have Edevu and most of these ones are much better power than the diesel source so the issue of this fifteen years is mostly on the grid update such as updating the Moresby grid, updating the Ramu grid, updating the Gazelle grid which I believe the Minister has already embarked into implementing and upgrading of those main grids. That is the main reason especially in the three main grids, for the continuous fluctuation of power and also the blackout issue is caused by this lack of upgrade to all these very old infrastructures.

Mr Speaker, some of these infrastructures are like 30 or 40 years old which need a complete overhaul and I'm thankful that the major development partners like ADB

committing K720 million, Australian Infrastructure Finance committing K250 million and the World Bank committing K105 million.

Mr Speaker, I don't think these reputable organisations will contribute or commit any such funding if they know that there is something wrong. I'm thankful that these organisations are supporting to upgrade all our major grids. I believe that the tender for upgrading this major grid is currently out – not in 15 years but within the next two or three years. I feel that these major upgrades can be done for these three major grids.

The main point is, Mr Speaker, is to allow or to focus PNG Power on the profitable organisations. The Government owes K46 million to PNG power, but at any point of time when they say Government owes more than that it is because of a combination of other costs as well. So, the Government could be owing around K160 million or K170 million. So, we also need to meet and honour other commitments and of course coming to these community projects and meeting expectations of every Member of Parliament to bring power lines into their respective places in remote areas, will of course need government investment. We cannot say we wasted public money in those remote areas in the districts. It brings that tangible development which all the members are aspiring for their people.

Mr Speaker, in the last ten years, I mentioned that PNG Power was not allowed to even increase by 1 toea fee. So how do you expect an organisation to operate, even if it is a government organisation? How would a private organisation be able to operate in this environment where the cost of production is K1 and they're supposed to sell it for 70 toea? So, you have no choice, Government has to subsidise or give funding to the organisation. We have to really capture the cost all those community projects and tell the members of parliament that this is the exact cost of community projects. And it is a requirement in our reforms that we need to bring the cost of community projects.

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And there is no point of talking about fire sale; it will be not beneficial to this organisation. But if the reforms have started to take shape and if these eight important reform measures the Minister has proposed through his statement are taken, I have a big hope that with the provincial government superannuation funds, we are more than happy to participate together with PNG Power in terms of investing of funds. That's one part which PNG Power should consider rather than being a 100 per cent government organisation.

I strongly believe that we have this political will to turn this company around. There are three companies in SOEs; PNG Power, Air Niugini and Telecommunication. And in terms of its operational difficulties, keeping a healthy balance sheet is really a challenge.

Mr Speaker, I thank the Minister once again for his hard stand and determination to bring this much needed changes in PNG Power.

It's not an easy organisation to manage with all the labour issues and many other challenges within that organisation. But I appreciate the Minister's determination to bring much needed changes for this national energy company. I wish him all the best and we hope to see some positive changes in this organisation.

Thank you Mr Speaker.

Mr THOMAS OPA (Kerema) – Thank you, Mr Speaker, it's my first time to debate and I thank my people of Kerema for giving me the mandate.

I wish to keep my debate short. Firstly, I commend the Minister for State Enterprises for presenting the rescue and reform plan for PNG Power.

My people in Kerema have been facing this ongoing problem of power supply. They have been without power and they have complained a lot. So, if I don't debate on this issue on this Floor of Parliament, they won't be happy with me. I want to elaborate on some of the points highlighted and contribute some ideas on this issue.

PNG Power's total expense of K1.5 billion is actually a huge sum of money, and comparing with K938 million in one year is close to K1 billion.

In fact, PNG Power can be considered a very profitable SOE so we should not touch on the issue of a fire sale. If it were to put it on sale in the world market then international companies would be rushing for it. Therefore, we must reconsider and make the company a profitable one. Coming back to my point of why it generated close to K1 billion and its expenses reached up to K1.5 billion, if you check through you will notice that the cost of fuel consumed 50 to 60 per cent, that's where the major problem occurred. If you compare in the last 10 to 20 years, the expenses for PNG Power were at a constant rate. But now, the fuel price skyrocketed so how do we expect them to make profits. The big question we should all ask in this House is the increase on fuel prices, over 100 per cent in the last 10 to 20 years, making PNG Power become unprofitable.

The PNG Power has a contract with Puma Energy for almost K400 million. On top of that, they also get their fuel from other sources and they spend close to K400 to K500 million from this K938 million. This is a lot of money spent on fuel alone.

One major problem about PNG Power is that they are highly unionised; when decisions are made by the management team the union will immediately step in stop the decision.

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PNG Power staff right across the country are highly paid. PNG Power pays 15 per cent contribution for their superannuation, they are insured and all in all they are one of the highly paid SOE in the country.

It is not about lack of motivation but firstly it is the problem of high costs, fuel takes up half of their expenses. Let us look into some other areas like their Union for instance. How can we remove the Union to neutralize it so that the management and board can make some decision to move forward because out of the 22 or so provinces that PNG Power operates in only Port Moresby and Lae are profitable, we are all liabilities to PNG Power. We as Members should now look into power generation. If we talk about rural electrification, we will need fuel and this will increase the expenditure cost for PNG Power.

For example; I went back to Kerema town, I asked PNG Power how much fuel they use to generate power. Their response was 17000 liters of fuel per week, this about 80 drums and is equivalent to K100 000. You will note that for a small town like Kerema K400-K500 worth of fuel a month is an expensive exercise and fuel freight to other centers is a costly exercise in itself. This is just a small picture to put into perspective what PNG Power goes through to ensure there is electricity provided.

For Kerema we spend about K600 000 a month for power generation and money coming in from our customers is about K50 000 a month for PNG Power. PNG Power is already subsidizing us about K400-K500 000. And when you multiply these by 12 months it is in the millions already. That is already putting a lot of pressure on PNG Power and while it is doing well we are accusing it for its failures but it is doing very well in community service obligations to the people of this country.

Surely, we experience blackouts which is frustrating but as leaders, let us look for solutions and alternative forms of power generation such as mini-hydro, et cetera. Privatizing PNG Power will not solve our electrification problems. We could also venture into maybe

partial sale or other so that we can bring people on the board to collaborate and find workable solutions to the power issues that we have.

While there are management and other contributing factors, 50 per cent of their expenses is taken up by the cost of fuel. Let us look at other alternatives like gas, wind and mini hydro systems. I wish to commend the Minister for a very good statement where he presented facts and figures. Let us appreciate that he is trying his best under challenging circumstances and I wish to commend him for that.

Mr GABRIEL KAPRIS (Maprik) - Thank you, Mr Speaker and good to see that you are in good health.

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I have few comments to make in relation to the statement here. I just want to give an explanation on how Eda Ranu, being the manager of water supply services in Port Moresby, resolves its problem on water supply, I'd like to put this into perspective and share this with the Parliament to see the way forward.

When I was reading through this statement, it captures three areas of concern; the power generation, the reticulation system and the operations. The way forward is to see the report from the engineers. I think in my view the problem is to do with engineering. The source is good in Port Moresby because they use both hydro and fuel but for other centers they use fuel.

So, what I would suggest here is that the power reticulation should be addressed separately from the operations and the revenue collections. So, if there is a problem with reticulation, then PPL should address that as an engineering matter. They could look at the aging of the equipments; the transformers and the main powerlines. Those are very important areas that PPL must look into and of course itemize the cost to replace the reticulation system and then address other issues.

Reform is the way forward, I'd like to give an example. In 2000, the current Governor Chris Haiveta, as the Deputy Prime Minister, was able to reform Port Moresby water supply and sewerage service and established Eda Ranu. PNG Water had a problem of not supplying water to the entire city because they had water pressure problem.

So, the Eda Ranu was formed and entered into agreement under bill operating transfer system. Where it allowed one Malaysian company call JTKRTA, to manage the water supply

system. The Parliament approved for 25 years of management and operation. So, that company was able to improve the water supply service that we've never had problem with water supply in Port Moresby.

So, I'm pretty sure, Port Moresby is the profit-making center for PPL in Papua New Guinea, they have been subsidizing other smaller centers. Port Moresby and Lae are big centers that make money for the country and it's a profitable company, it has the potential to make money to sustain itself.

I like to say that the Government should think seriously and look at engaging a reputable investor from outside towards the finance perhaps, it could be our own Nambawan Super or any other of our commercial business arms that can put in money. Hire special consultants, engineers and financial controllers to come in and work together with this particular company on a build-operate-transfer system.

The Government can give PPL to a private entity to run for the next 15 years and after 15 years, they will fix all the problems and give it back to the operation of PPL.

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That's what I think is best, because with the experience that the Government had with Eda Ranu, I think PPL can be able to try and use that approach.

Thank you, Mr Speaker.

Mr LUCAS DEKENA (Gumine) – Thank you, Mr Speaker, for giving me this opportunity to debate on this important paper presented by the Minister for State-Enterprises. I want to debate on one of the critical service that is provided by the government.

Year after year we are talking about the issues of PNG Power and during my first term in Parliament from 2007-2012 there has been a lot of issues arising regarding PNG Power. I was out of the Parliament for 10 years and now when I am back we're still talking about the issues of PNG Power.

So, what is the existing problem with PNG Power that we've continued talking about? And as we are talking, my district at Gumine has no power.

Mr Speaker, some years ago we had power supply grid extending up to 30 per cent of the district, but lately due to vandalism power is not going in. We are not connected to the PNG Power grid and we are working on it now.

I took note of all the valuable contributions by the earlier speakers, they are in fact very important contributions for the Minister to take note.

I have only two points to contribute. Firstly, we don't appear to have the solutions for the problems that PNG Power is facing. So, I want to put it on notice that, as the saying goes, if we keep on doing the same thing over and over again, we expect the same results, and it is like we are going around in circles.

For the purpose of *Hansard*, I want to look at another opportunity or technology that might be available in the world. All the options that we are looking at require physical transmission, where you run the electricity generated over copper wires.

Mr Speaker, I want to bring it to the attention of the Parliament that there is technology available for wireless power transmission. That technology was available in the 1800s, somebody by the name of Nicolas Tesla invented this technology. He was able to produce electricity using the Earth's characteristics and generated electricity wirelessly.

That technology did not become popular because Nicolas Tesla did not have the money to develop the technology. So, he went to someone by the name of Thomas Edison.

Unfortunately, Thomas Edison had a lot of interest in copper mines around the world. So, the copper wire he was producing he wanted to promote that, and he was involve in the direct transmission electricity. Because of the conflict of interest Nicolas Tesla's wireless power technology did not take off, but that technology is available.

So, I want to put it on record and inform the Parliament that the technology is already available and if we are doing the same thing and getting the same results repeatedly, we may try other means of producing electricity.

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Now, with the wireless electricity you may think of the mobile phone technology which has been implemented. All it requires is a transmission device and on the other hand you have a reception device just like the mobile phone technology which is already available.

Mr Speaker, I just want to notify Parliament that the technology is available so the honourable Minister can have his engineers look into it so we can have an alternative way of generating power which it may be cheaper to produce and sell to our customers.

That is my little contribution to this important Paper.

Thank you, Mr Speaker.

Mr SOLEN LOIFA (Menyamya) – Thank you, Mr Speaker for recognizing the people of Menyamya.

Firstly, I would like to thank the Minister for State Enterprise for presenting this paper on the current status of PNG Power in this Honourable House, so that the country can know.

PNG Power is one of those companies which is a monopoly. This means that it is a business where the operations are limited to power generation and it needs these facilities to provide power services in the country. This industry that PNG Power is operating in is very challenging because it is one of the essential services that the country needs.

One thing that contributes to the high cost of business is electricity because when there is no proper electricity the business houses, citizens and other essential services face a lot of difficulties and challenges, the effect of it we have all experienced.

There were many good debates raised in this Honourable House and I would like to make my contribution to this Paper. We are debating on how we should revive PNG Power which is struggling to operate and it will require all of us and also the workers of PNG Power to find solutions to help this situation.

When I was young I used to see PNG Power as a big company and when I was in school I wanted to go work there and now that I am here, I see that PNG Power is not the same as it was. In the past PNG Power had a high reputation so where did it all go wrong?

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PNG Power Limited has the best intellects working with the organization but despite the number of well-educated people working with the organization we are still experiencing blackouts or some sort of power problem year in year out.

Therefore, my suggestion or my contribution to this debate, I would like to say that we are talking about selling but better let's work on trying to privatize the company. Find a private or competent company that can manage their affairs and let the Government deal with the current board and management. When we are service providers and we put in our wantoks or relatives into an organization we will run down that company. When we have a competent company running the company we can be sure that they will do their job, because they will be paid according to how much money they bring to the Government.

There are a lot of power generating companies that are coming up, one example is Edevu and others where the Minister has already mentioned. The demand of power is rising

but PNG Power Limited does not have the facilities to carry out the work on the transmission lines.

The Government can look into the three major parts retail, power generation and transmission lines and decide on which one to look after. But in the meantime just let competent companies who are able to look after the company look after their affairs.

Motion – That the question be put – agreed to.

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

Paper noted.

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ADJOURNMENT

Motion (by **Mr Salio Waipo**) agreed to –

That the Parliament do now adjourn.

The Parliament adjourned at 2.10 p.m.