

THIRD DAY

Thursday 23 November 2023

DRAFT HANSARD

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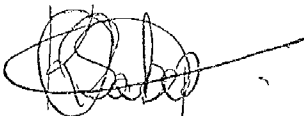
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KENNETH SEBEPMIN

Acting Principal Parliamentary Reporter

THIRD DAY

Thursday 23 November 2023

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

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

Sitting suspended.

The Acting Speaker again took the Chair at 10.35 a.m., and invited the Member for Kerowagi, **Honourable Francis Siune**, to say Prayers;

‘Father, we thank you for this day. You are the source of everything that is good. Father, I thank you for these leaders who are present in this session. This is our third session. Papa God, mipela luksave olsem yu gat way bilong yu stap, but we all serve our own ways. As the heaven is higher than the earth, so your ways are higher than ours. Father, we pray, thank you for the continued blessing na wisdom na understanding that you are providing all through. We thank you, for our Prime Minister, the Deputy Prime Minister, the ministers and leaders of this House. Papa God, we pray, we may not be so obedient to you but you continue to remain faithful to us. Papa God, long dispela morning mipela pray, leaders through this session you are the beginning and the end, the alpha and the omega. This nation may be so great and bigger than us, but we know that with you, we will make it through. Papa God, lead us long dispela morning, olgeta glory and biknem em bilong yu tasol. In Jisas mighty name, we commit this prayer.’ Amen!

ACKNOWLEDGEMENT OF VISITORS – STATEMENT BY THE ACTING SPEAKER

MR ACTING SPEAKER – Honourable members, I wish to inform the Parliament that the students’ representative council and the teachers of Wood Point High School in Rigo District, Central Province are present in the Public Gallery. On behalf of the Parliament, I extend the visitors a warm welcome to Parliament.

QUESTIONS

Mr FRANCIS ALUA – Thank you, Mr Acting Speaker, for giving the opportunity to ask a question to the Minister for Provincial and Local Level Government Affairs but I don't know whether he is present in the Chamber or not.

Mr ACTING SPEAKER – The Honourable Member, the Minister is not present here.

Mr FRANCIS ALUA – I think I would like to reserve the question.

Mr ACTING SPEAKER – When the Minister is present in the Chamber, I'll ask you to raise the question.

Mr FRANCIS ALUA – Thank you, Mr Acting Speaker.

P'nyang Gas Agreement

Mr TABOI YOTO – Thank you, Mr Acting Speaker, for recognizing the people of Western Province to ask their question.

02/03

Firstly, before I ask my questions, I would like to congratulate the two newly elected members of North Bougainville and Wewak. On behalf of the people of Western Province, I welcome you to the House of the people of Papua New Guinea.

Thank you, and with that I would like to direct my question to the Minister for Petroleum. My question is in relation to the P'nyang Gas Agreement that was signed in 2020 which created a lot of excitement and hype for the country. After that gas agreement, there were some commitments made by the national government for some early works and allocated about K150 million under the tax credit scheme. The provincial government and district want to access these funds; however, we have been told that they have yet to pass the fiscal/physical stability act before we are allowed to access the funds.

So, I want to ask the Minister for Petroleum if this physical stability act in relation to the P'nyang Project has been passed or not, and when will it be passed? My people are waiting for this project and supported the government by agreeing to the signing of the project and are

waiting on some early works to start on the project. That is why I ask this question to the Minister for Petroleum. Thank you.

Mr KERENGA KUA – Thank you, Mr Acting Speaker. This is a good question and I would like to ask if I can answer the question tomorrow after I get some details so I can answer in full.

Mr ACTING SPEAKER – Thank you, Minister. You can do that in a statement and report to the Speaker's office and you can do a reply by tomorrow.

Eruption of Mt Ulawun

Mr SASINDRAN MUTHUVEL – Thank you, Mr Acting Speaker. I would like to ask my questions to the Minister for Defence and National Disaster. Before I ask my questions, I would like to congratulate the two newly elected members for North Bougainville, Honourable Francesca Semoso and Honourable Stanley Samban for the Wewak Open. I congratulate you. My questions are in relation to the recent disaster that struck West New Britain and East New Britain when Mt Ulawun erupted on Monday this week. People are still at large in care centres that we are still mobilizing. Because of the extent of the damages which are big, I am asking the Defence Minister if he can seek support from the Australian Government and US Government to assist during this disaster and help with materials to rebuild affected communities. Thank you, Mr Acting Speaker.

Mr WIN DAKI – Thank you, Mr Acting Speaker. Thank you for the good question from the Governor of West New Britain. Firstly, I would like to convey my sympathies to your people and the provinces of East and West New Britain for this disaster. With that, we have prepared some funds whereby the Prime Minister, Honourable James Marape responded quickly and approved K10 million for the affected provinces. So, this K10 million should be ready this week for your disaster office to access and purchase relief supplies for your people.

03/03

With that, we would like to request our counter-funding countries around the world like Australia, America, China and other who can help. We have written letters to them but after 10.am this morning they will have a meeting and they will come back to us.

We come to you with much sadness but I would like thank the Prime Minister, the Deputy Prime Minister and the Government of today for quickly responding to this kind of disaster. The Government has given us K10 million so we will distribute this to all the Members of Parliament by supplying food, water and other necessities.

Thank you.

SME Loan Scheme

Mr JOHN KAUPA – Thank you, Mr Acting Speaker. My question is directed to the Minister for Commerce and Industries.

Before I ask my question, I would join my fellow members in welcoming the two new members who have joined us here in the Parliament. The people of Port Moresby North-East would like to welcome you both.

Last week, I think we all saw in the Newspapers, the continued rolled over of the SME funding of about K80 million every year. When I saw this in the newspaper I was really happy because all our small people will benefit in one way or the other from these small scale businesses that they are doing.

When the Minister gives the funding to NDB and a fellow Minister for SOE comes and gets it; I am just wondering and I want to ask if there is any list or guideline on how to distribute this funding. Every year, we are continuously rolling out K200 million which is being parked at BSP so I want to know who actually benefits and do we have a report. In my district I rolled out SMEs for over 20, 000 mothers and no significant single toea I received from the previous rollout.

Mr ACTING SPEAKER – Honourable Member, put your question to the Minister. You seem to be debating the issue.

Mr JOHN KAUPA – So, my question is that when you gave the cheque of K80 million, did you give a list of who is going to be beneficiary or does the Minister and NDB select who gets to be the beneficiaries of that money?

Thank you, Mr Acting Speaker.

Mr HENRY AMULI – Thank you, Mr Acting Speaker, and the Member for North-East for the good question that he has raised. I believe that many of us here and those around the

country are asking the question of how the K200 million SME Agriculture funding every year is rolled out in the country.

Mr Acting Speaker, before I answer this question, on behalf of my people of Sohe, I would like to congratulate the newly elected Member for North Bougainville, though you are representing Bougainville, I believe the mothers of Sohe are proud of your achievement. And also congratulations to the Honourable Member-elect for Wewak Open.

04/03

Mr Acting Speaker, the annual K200 million SME rollout program is a NEC Decision and a commitment of this government to support SMEs right across the country. It started in 2020 and has been rolling out for the past three years. This commitment is only for 10 years so we have seven more years to roll out the annual K200 million SME program.

Mr Acting Speaker, for the last three years, not all the funding has been released to the two banks, NDB and BSP. For this year, we have rolled out K80 million to NDB and we have yet to release K100 million to BSP. The department has received only K34 million for BSP for this year. The other K60 million is yet to be received.

The funding comes through my department and then we release the funding to the two banks. Annually, K80 million goes to NDB and K100 million goes to BSP. For this year, we have released only to NDB its K80 million whereas BSP's K100 million is yet to be released. That is a trend for the past years where we have failed to release full funding to both banks. The SME funding of K200 million is a government commitment to our people supporting SMEs through a NEC Decision.

Mr Acting Speaker, the past funding that we have released from our department, combining lending from both banks is K446.78 million to 3,209 SMEs in the country. We will continue to work closely with those two banks.

I want to thank the Honourable Member for Moresby North-East who is one of the champions apart from many other electorates rolling out SMEs in his district. We do have SME allocation in our PSIP and our DSIP along with the government SME allocation. Those funds are kept with BSP and NDB. If we can support SMEs in our districts and provinces from our PSIP and our DSIP, conduct training and when the participants complete their SME corporation training, they will be capable of accessing loans from BSP and NDB.

I understand that there are a lot of processes and requirements from these banks that will prevent ordinary Papua New Guineans from applying for that funding. With that in mind, we have now brought in Women in Business (Mama Bank) in next year's rollout of the SME

program which is a new NEC Decision. To cater for Mama Bank as well, we will reduce BSP K100 million funding to K70 million and NDB K80 million funding to K70 million. Mama Bank will receive K30 million in funding because it is accessible to people living in our rural communities.

We will continue to roll out this program and try to bring in one more bank that is easily accessible to our people so that people in our rural areas will have access to SME funding.

05/03

Back in the villages or districts will have access to those SME funding; I would like to also clarify here that in my report which I will present next week, will cover some of the questions which I did not answer, and most of these are report related. We have reports of all the funds that are released to those two banks.

And by next week we should have reports from regions and other funding-related reports presented.

Supplementary Question – Collusion of Awarding SME Loans

Mr JIMMY MALADINA - Thank you, Mr Acting Speaker, before I ask my question I wish to convey congratulations to the two newly elected Members; Members for the North Bougainville Open and the Wewak Open electorate.

My supplementary question; there is a suggestion that there is a collusion in the awarding of loans to the SMEs within the banks themselves, that is the National Development Bank (NDB) and the Bank South Pacific (BSP). Could you please get your department to investigate whether there is collusion inside where loans are given to associated members of the NDB and BSP. That is why our people, the SME members on the ground do not seem to get those loans delivered to them

Please find out and get your audit team to look into these suggestions or allegations that are being brought to us as Members representing our people.

Mr HENRY AMULI - Thank you, your question has been noted and as I have said earlier, I will make a response next week.

**Supplementary Question –
Use SME Funds to Create Employment**

Mr WILLIAM POWI - Thank you, Mr Acting Speaker, before I ask my question, I join my colleagues to welcome and congratulate the newly elected Members; for the North Bougainville Open and Wewak Open electorates.

To the good Minister who is hardworking and doing a very good work and ought to be commended. My question is this, instead of parking K200 million in the banks, let us look at stimulating the economy through employment creation. Why can't we use some of these SME monies to fund run down tea, cocoa and coffee plantations that are sitting idle there? Why can't the government direct SME to funding enablers like this to create jobs to empower by engaging them so they contribute to the economy of this country; instead of parking monies in the banks and only allowing a few to have access to it.

We should take the direction of trying to empower our people by resurrecting the plantations and engaging our people to work in them. Are we going to embark on trying to economically empower our people or are we going to allow only a few to access monies meant for all our people involved in the SME sector?

Mr ACTING SPEAKER - Honourable Governor, just listening to your supplementary question it is a bit out of the question that we raised. I 've yet to make a decision and you have completed the question, so I will therefore entertain it and ask the Minister to respond.

06/03

Mr HENRY AMULI – Thank you, Mr Acting Speaker, I think today is my day for all the questions. Thank you, the good Honourable Governor, I take note of these questions and I will answer them hopefully if I get the good answers for his questions. But, I believe we have funding for the agriculture to roll out such programs and the K200 million was a NEC decision but which we rolled out through these two banks. But I believe if there is anything to change it will be an NEC decision but we can try to change to accommodate those. I think it is with those two banks to support such programs. Otherwise that is my response to those two questions raised today. Thank you, Mr Acting Speaker.

Pay K52 Million for Milne Bay Province

Mr GORDON WESLEY – Thank you, Mr Acting Speaker for recognizing the voice of Kula. I would like to direct my series of questions to the Prime Minister but unfortunately he is not in the Chamber so I redirect my question to the Minister for Treasury.

It is not a new question, it's a question I raised in March of this year in relation to our outstanding money for the last 10 years going to 11th year. The State owed Milne Bay Province K52 million and still more to come from the oil palm. If the Minister could assure the people of my province that this money is going to be paid as per the commitment made by the Prime Minister before the books are closed and we get back to the new year of 2024. Thank you.

Mr IAN LING-STUCKEY – Thank you, Mr Acting Speaker and I want to thank the Governor of Milne Bay Province for his questions directed to the Prime Minister but picking on me today.

Mr Acting Speaker, Treasury is aware of the K52 million outstanding owed to Milne Bay Provincial Government from its sale of shares when the bigger company took over. These funds weren't budgeted last year or this year and I would very much like to pay it. I did have a meeting with the Governor today giving him assurance that we will have a look at it. Like many other unbudgeted requests that comes to Treasury, it's very challenging. It's all very easy to yell out and say pay it, but if you can find a way to fit a square in a circle let me know about it and I will fix all problems of yours and the world. But on a serious note Governor, we'll sit down next year, I have very little funds and I am going to try very hard to at least pay you as much as I can try and get rid of this outstanding that we inherited in this government. Thank you, Mr Acting Speaker.

Engagement of Honourable Tkatchenko in Foreign Affairs

Mr JAMES NOMANE – Thank you, Mr Acting Speaker, before I raise my question to the Minister assisting the Prime Minister Honourable Justin Tkatchenko, I would just like to congratulate the Member for North Bougainville and the Member for Wewak, from the people of Chuave, welcome to this Honourable House.

Mr Acting Speaker, recently we've seen Honourable Justin Tkatchenko on a few of the international trips with the Prime Minister. We've heard the Minister assisting the Prime Minister representing the Independent State of Papua New Guinea on these trips engaging with foreign entities like China and the United States of America. My questions are as follows;

(1) Can the Minister clarify to this honourable House and the people of Papua New Guinea in what capacity is he going around engaging with these foreign nations and foreign states?

(2) Is he doing it as the Foreign Affairs Minister or is he doing it as the Minister for State assisting the Prime Minister?

(3) And what legislation empowers him to do that?

So he can kindly confirm to this House. Thank you.

07/03

Mr JUSTIN TKATCHENKO – Thank you, Mr Acting Speaker. I am appointed by the Prime Minister under his prerogative or jurisdiction by law as a Minister for State Assisting the Prime Minister on Foreign Affairs matters that represent this country. I am doing that on the basis for representing this country in many different international organisation's meetings, for diplomacy and to ensure our country moves forward in the right direction on foreign policy and also on the diplomatic front. I was not appointed illegally but I think if you would like to seek clarification, its best you go and see our Prime Minister. It's his prerogative to make decisions. In this regard, when it comes to the ministry, I am following his direction as a Minister for State Assisting the Prime Minister on Foreign Affairs matters.

Thank you.

Mr EREMAN TOBAINING JNR – Thank you, Mr Acting Speaker.

Mr ACTING SPEAKER – Honourable Member, before you speak, let me interrupt you. I am hearing a lot of the honourable Members addressing the Chair as Deputy Speaker and Assistant Speaker so for our records in *Hansard*, I am now the Acting Speaker of the Parliament so address the Chair as Acting Speaker.

Thank you.

Mr EREMAN TOBAINING JNR – Thank you, Mr Acting Speaker. My question will be directed to three ministers but before I ask, these three ministers must make it clear to the people of Kokopo and East New Britain regarding the Balsa Industry. We can talk about SMEs and other big things but this is the livelihood of the people in the community.

Mr ACTING SPEAKER – Honourable Member, you will have to choose one minister from the three ministers to direct your question to.

Categorization of Balsa Tree

Mr EREMAN TOBAINING JNR – Thank you. I direct my question to the Minister for Commerce and Industry because Minister for Agriculture said it is with the Forestry and Forest Ministry gives the licence. Now, the balsa trees are also grown in Milne Bay, Sepik and in other parts of Papua New Guinea as well.

Can the Minister for Commerce clarify to the people of East New Britain which ministry does the balsa industry fall under?

Mr Minister, whilst we appreciate balsa in East New Britain as well as in other parts of the provinces in Papua New Guinean, do we have any plans to regulate this industry?

Today, unregulated issuance of permits to foreigners like the Chinese owned companies affect the farmers in East New Britain. So these must be regulated so that there is a board to control its pricing, harvesting and planting because we believe that the balsa industry will solve the ongoing problems faced by the youths in our country.

Like the Governor of Southern Highlands has mentioned, yes, the funding has been released. In East New Britain, we have a bank in Kokopo.

While I have this opportunity, why can't we inject some funds to Kada Poroman Microfinance bank in Kokopo so that it can assist the SMEs. Mr Acting Speaker, we've talked about SMEs but some of us haven't seen all these funds in Kokopo.

But we believe that the balsa industry comes under either Commerce or Agriculture or Forestry so can the Minister explain to the people of East New Britain?

Thank you.

08/03

Mr HENRY AMULI – Thank you, Mr Acting Speaker, I thank the Member for Kokopo for raising these questions.

Mr Acting Speaker, I am not aware of anything regarding issuing of licenses for any business activities in Kokopo or the province as a whole.

But I will have to consult my department to confirm whether the responsibilities come under my department because in the past it normally did. In relation to balsa in Kokopo, East New Britain, I want to assure you that I will check with my department and respond back on this on whether to regulate balsa which is one of the new commodities in East and West New

Britain Provinces. The balsa project has already commenced and I have heard a couple of stories about it.

Mr Acting Speaker, I assure you that I will check with my department to look into that to see whether it's under my department, The Department of Agriculture or forestry. I will check on that and report back to you next week.

In relation to the mentioned bank in the province, I haven't heard of this bank and it's my first time to learn about this bank. We just included Mama Bank which will roll out commencing next year with an allocation of K30 million to it. And also, if the government can look at other banks which we have identified and few awaiting NEC's approval, it's basically to spread the SME funding to these banks.

But I have taken note of his questions and will reply to him in the next week sitting, thank you.

**Supplementary Question –
Reserved Business List**

Mr RICKY MORRIS – Thank you, Mr Acting Speaker, my supplementary question to the Minister whilst we are on SME and cross sector activities and is in regards to the reserve business list.

(1) Can the Minister tell us the status of where we are with the reserve business lists and businesses that are restricted to Papua New Guineans?

Mr ACTING SPEAKER – Honourable Member its not a supplementary question but you are asking a new question. I should have ruled your question out of order but since you already asked the question, I will allow the Minister to respond to your question.

Mr HENRY AMULI – Mr Acting Speaker, I thank the Member for Alotau for his question. It's a good question which many of us in the country have raised. I have brought the reserve business list to Parliament and shortly we will release the reserved business lists and it's been increased from 32 to 37 new business lists. So, with the assistance from IPA, we will release those reserved business list anytime soon. I have taken note of it and will respond in next week sitting.

North Bougainville Roads

Ms FRANCESCA SEMOSO – Thank you, Mr Acting Speaker, for allowing me to ask this question to the Minister for Works and Highway. My question is in relation to the three roads in North Bougainville and as a first timer, I am not fully aware of this so if you can also assist me on this.

09/03

The last time, I travelled on the Buka Ring Road was in 2015 and it's eight years now. So, I want to ask if funding allocated for this year's budget is available for these roads;

(1) Buka Ring Road

(2) Siara-Koropovi Road, little work has been done and I am delighted but we must connect the missing link starting from Koropovi and coming back to Siara, the main road starts from Buka to Arawa and Buin.

Buka Ring Road, Siara-Koropovi Road, and the main road start at Buka Island Pasis further to Arawa and Buin Island. If funds are available extend the road works to Torokina.

Mr Acting Speaker, when people hear me speaking for the first time regarding these important road networks. Yesterday the Governor of the National Capital District raised questions about roads in Port Moresby city. My roads in Buka are in deteriorating conditions, people are frustrated and planting coconut trees on the road and claiming that it's not a road.

Mr Acting Speaker, the Buka Ring Road, Siara-Koropovi Road, and further to the West Coast Buka the road is in deterioration condition and need urgent road maintenance work. I demand a good answer from you and then the roads that link the Northern Tip in Buka cut through Pasis and the Buka Island where you know. Some of you went there already, you know where the Buka Pasis is located.

If funding is available to fund these roads, I have just mentioned the biggest road that links from the Northern Tip Buka to Arawa and to Buin. Then, we have to connect other missing links.

Mr Acting Speaker, I really want the Minister for Works and Highway to respond in a positive way including these three roads; Buka Ring Road, Siara-Koropovi and Buin starting from Buka reaching Arawa.

Thank you, Minister and Mr Acting Speaking.

Mr SOLAN MIRISIM – Thank you, Mr Acting Speaker, I congratulate you for winning this seat and the people have mandated you to represent them in this term of Parliament. You

have raised an important question and we have discussed on these issues regarding the roads in Bougainville.

I went to Bougainville and met with the President to discuss a way forward to fix all these roads in Bougainville in collaboration with the Minister for Internal Security and the Minister for Information Communication Technology. The problem that we encountered is in relation to the contracts that were awarded to the contractors. Like Dekenai Construction or Raibro working to link Buka road and Covec stationed in the island. We have some social issues on the road and facing many problems with funds for ABG and it's not under the directives of the National Government. So, the contract period has lapsed.

I went to Bougainville and discussed with the President and all the documents are ready. I will submit all the documents to the next NEC meeting for approval and endorsement. We will re-engage the contractors to start work on those roads, including the new missing link you have just mentioned. We have two missing link and you have mentioned it. The other road, we will start from Buin to Siwai to Panguna and all the way Pasis. All these roads will be put on tender and they are on the list.

So, I am supposed to present my ministerial statement by next week.

10/03

Mr Allan Bird – Point of Order! Mr Acting Speaker, just to clarify for the House, the arrangements between the Autonomous Bougainville Government and the PNG Government in terms of the handover of the various powers including the subnational funding between the Autonomous Government and the PNG Government and if the good minister can clarify whether all those roads in Bougainville have been handed over to the ABG Government or not? And if so, which ones are still the responsibility of the PNG Government? Thank you.

Mr ACTING SPEAKER – Honourable Governor, you have a good question raised there but that is like asking the Minister a new question. The Minister is answering the question Honourable member has asked.

Mr Allan Bird – Point of Order! The arrangements between the Autonomous Bougainville Government and the PNG Government are unique and different to all other provinces have so therefore, this is a pertinent question for the Minister to answer whether the program applies to Bougainville or not? Or whether that all comes under the ABG Government I think is a pertinent question for the minister to answer. Thank you.

Mr ACTING SPEAKER – Honourable member, as I've stated earlier, that question is a new question. I will ask the minister to continue replying to the Honourable member on the question raised. The comment you raised can be noted by the minister, if the Minister would like to make a statement on that.

Mr SOLAN MIRISIM – Thank you, Mr Acting Speaker. That's a good question too. That's why I will explain as well. The first arrangement was for money to go down but with Connect PNG Program coming in, most of the main roads and highways in Bougainville are taken over by the PNG Government so we will be responsible for it. And funding that is going down to ABG, the ABG government will take care of their provincial and district roads. About three or four roads that I've mentioned, will be taken over by Connect PNG and Bougainville Government. Bougainville is an integral part of PNG and Connect PNG will take care of the roads, especially the main highways and roads in Bougainville. So, that's why our NEC documents are ready to give contracts to contractors and we'll get down there and start the works on those roads soon. So, I would like to assure the member that the government is looking into those roads. Thank you, Mr Acting Speaker.

Resolve Airline Woes

Mr DOUGLAS TOMURIESA – Thank you, Mr Acting Speaker. My question is directed to the Minister for State Enterprises. In recent times, let's say between the past six to twelve months, the travelling public using the airline industry, including most of us who are here in this House have seen great difficulty in the airline industry, especially with Air Niugini. Mr Acting Speaker, with students going for holidays and also resuming classes early next year, what guarantee does the Government have in terms of airline travel to ease the burden the travelling public is facing?

Yesterday and today, I've been up at the airport and the lines are unbelievable, Mr Acting Speaker. The line comes out from the terminal all the way down towards the international terminal. And there are some people who are on wheelchairs, some who are old and frail, struggling and yet nobody cares about what's happening out there.

And so, Mr Acting Speaker, I'd like to congratulate the Prime Minister through you and the Minister responsible for bringing the new plane in and other planes to come in next year for immediate attention especially during the peak period leading up to the holidays and the travelling public; are we planning to bring in a third-level airline or another airline to come in

to ease the burden during the Christmas peak period or are we just going to allow our people to toughen it out?

Thank you, Mr Acting Speaker.

11/03

Mr WILLIAM DUMA – Thank you, Mr Acting Speaker. I would like to take this opportunity on behalf of my people of Hagen, United Resources Party would like to thank the Honourable Stanley Mutz Samban, the Member for Wewak and the Honourable Fransesca Semoso, the Member for North Bougainville for having being elected to join us in this Parliament and I wish them well.

Mr Acting Speaker, the Deputy Opposition Leader has asked a very important question. I believe all of us, including myself have been on the receiving end of numerous flight cancellations at short notice and it is not a matter that is only restricted to only one person but all of us from our Prime Minister all the way down to the grassroots level have been made to suffer or have been inconvenienced because of the inability at this stage of our National Airline to service them properly.

Mr Acting Speaker, the problems that are encountered by our National Airline are very well known and I do not need to bore anyone with this; some are legacy issues but this government led by our Prime Minister and Cabinet has recognized the position our National Airline is and has already given approvals for the airline to go into financing arrangements to both lease and acquire 11 new planes which will start arriving at the beginning of next year.

In the meantime, Air Niugini has already recognized the same recurring problems that always come up during the festive season, especially the Christmas school year break. we have now entered into firm arrangements to lease air crafts which will be brought in after they have gone through the airworthiness and safety checks by our regulator; CASA. We cannot simply bring any aircraft into our country so we have got to go through this process of checks after they have been checked by CASA. We will bring in these aircraft which will take into account the needs of our travelling public for the busy period and we will try our best to ensure that all our passengers are not offloaded or the flights are not delayed.

There are two arrangements that Air Niugini is entering into; 1. A Wet Lease Arrangement is where a particular airline company brings its plane with its staff and Air Niugini will simply lease it and they will be able to provide a plane for our passengers to use. 2. Is a Dry Lease Arrangement where Air Niugini will simply lease the plane but it will have to put its staff on the plane with its own staff.

These are the two arrangements that we are nearly there with and the planes should be able to come in after they have passed the normal airworthiness requirements and we will bring in those planes to serve our people.

So, at this stage, I can assure our good Deputy Leader of the Opposition that Air Niugini is ready to be able to deal with the problems that will definitely come upon us during the festive period.

Thank you, Mr Acting Speaker.

**AUDITOR-GENERAL OF PAPUA NEW GUINEA – REPORT OF THE
AUDITOR-GENERAL RELATING TO THE INSPECTION AND AUDITS OF THE
FINANCIAL STATEMENTS OF PUBLIC BODIES AND THEIR SUBSIDIARIES
AND THE NATIONAL GOVERNMENT OWNED COMPANIES, PART IV FOR THE
YEAR 2022 – MOTION TO TAKE NOTE OF PAPER**

Mr Acting Speaker – I presented the following paper pursuant to Statute:

Auditor-General Of Papua New Guinea – Report Of The Auditor-General Relating To The Inspection And Audit Of The Financial Statements Of Public Bodies And Their Subsidiaries And National Government Owned Companies – Part IV Of The Year 2022.

Motion (by **Mr Richard Masere**) agreed to –

That the Parliament take note of the paper and the report be referred to the Permanent Parliamentary Committee on Public Accounts.

12/03

**PERMANENT PARLIAMENTARY COMMITTEE ON PUBLIC ACCOUNTS –
REPORT ON THE INQUIRY INTO THE CESSATION OF NADZAB AND KIUNGA
AIRPORTS – PAPER AND STATEMENT – MOTION TO TAKE NOTE OF PAPER**

Mr RICHARD MASERE (Popondetta) – Mr Acting Speaker, pursuant to state I present the following report:

Report On The Inquiry Into The Cessation Of Nadzab And Kiunga Airports.

I seek leave of the Parliament to make a statement in connection with the Report.

Leave granted.

Thank you, Mr Acting Speaker. Before I make my statement, let me also join the other members of Parliament to firstly convey our sympathy to the people of West New Britain Province and their Governor for the current natural disaster affecting our people there. Our prayers are with you during this time.

I also would like to congratulate the newly elected members for North Bougainville and Wewak Open. I would also like to congratulate the people of Wewak and North Bougainville for closing a chapter of the two former members and a peaceful by-election that took place in those districts.

Statement to Parliament for the Presentation of the Public Accounts Committee Report on the Inquiry into the temporary cessation of Nadzab and Kiunga Airports.

Introduction

Mr Acting Speaker, thank you for this opportunity to present to this honourable House the Permanent Parliamentary Committee on Public Accounts (PAC) Report on the Inquiry into the temporary cessation of Nadzab and Kiunga Airports.

Mr Acting Speaker, I stand before you to present to this honourable House a report that encapsulates our deep commitment to the safety and security of our traveling public, to reinforce the vibrancy of our aviation industry, and to harness the prosperity of our nation. The report I present is a culmination of extensive assessment and a firm dedication to improving the state of aviation in Papua New Guinea.

Mr Acting Speaker, the Aviation industry remains as a symbol of connection and the continuation of progress. It bridges the gaps between our diverse way of life, ensuring the connectivity of our people and their goods, and meaningfully contributing to our economic progress and development. This industry is not about numbers and statistics, but more so about journeys of individuals and businesses that transit between one place and another, entrusting their safety and security in the hands of aviation professionals.

Mr Acting Speaker, before I proceed any further, let me take this occasion to commend my fellow committee members without whom this crucial inquiry would not have been possible. I have tremendous respect for each of them, the Deputy Chairman, Honourable Fred Kumai, and the committee members; Honourable Francis Alua, Honourable Joseph Yopyyopy, Honourable Billy Joseph, Honourable Sam Basil Jnr and Honourable Douglas Tomuriesa,

whose leadership and valued commitment gave the committee its quorum and the ability to perform its function. They are leaders with the commitment to serve our people. I would also like to extend my appreciation and gratitude to the Secretariat and my Parliament staff who have assisted during this inquiry.

Background

Mr Acting Speaker, the recent cessation of Nadzab Airport in Morobe Province and Kiunga Airport in Western Province has brought to light serious concerns about the aerodrome safety and security, and why mitigation measures were not applied to reduce the rate of risks and the broader hazards to air safety.

Mr Acting Speaker, on August 31, 2022, the Civil Aviation Safety Authority of Papua New Guinea (CASA PNG) issued a Notice to Airmen (NOTAM) that resulted in the suspension of all flights to Nadzab and Kiunga Airports. The reason of this drastic measure was the non-compliance of regulatory standards and requirements by the National Airport Corporation (NAC), an entity entrusted with the management and operations of these vital airports.

13/03

Mr Acting Speaker, CASA PNG, in its role as the regulator of air safety and aerodrome security, conducted thorough safety and security audits at both Nadzab and Kiunga Airports and the audit findings were unacceptable to aviation standards, revealing a total of 21 compliance breaches at Nadzab Aerodrome and 7 compliance breaches at Kiunga Aerodrome. These findings clearly indicated that these airports were in breach of the regulatory compliance standards and not eligible for the renewal of their Aerodrome Operating Certificates (ADOC).

Mr Acting Speaker, the repercussion of these temporary closures was damaging to our Nation's image and business investment opportunities. The impacts were felt not only by the general traveling public but also by businesses in the industrial hub of Lae, and the mining community in Kiunga. The ripple effects were widespread and continued to affect these communities even after the airports were reopened.

The Inquiry

Mr Acting Speaker, the gravity of this situation prompted the Minister for Civil Aviation and Transport to present the findings of the audits to this National Parliament on September 2nd, 2022. Recognizing the seriousness of the breaches, a Member of the National Parliament raised questions without notice, leading to the decision by the Permanent Parliamentary Committee on Public Accounts to enquire into the temporary cessation of these airports.

Mr Acting Speaker, the preliminary inquiry into the temporary cessation of these airports began on the 09th of February 2023. The inquiry did not focus merely on the two airports in question however was broadened to include other key strategic airports in our country. The findings in our inquiry revealed that the governance of our airports and aerodromes in Papua New Guinea remained a definite concern of our government.

Mr Acting Speaker, the inquiry we conducted, through the diligent efforts of the Permanent Parliamentary Committee on Public Accounts, was fashioned with one simple however important question: "When you woke up this morning, what were you thinking before you got to work?" The basis of this question was the core of the issue to the problem identified in the temporary cessation of Nadzab and Kiunga Aerodromes.

Mr Acting Speaker, this question, asked of the National Airport Corporation Management at each aerodrome was not meant to be an accusation but to challenge their behavioral thinking and ascertain whether they all had a mirror reflection of their responsibility and commitment to aviation safety. It aimed to underscore the profound responsibility they shouldered for the safety of every passenger who embarked on a journey through their respective aerodromes.

Mr Acting Speaker, our inquiry was guided by specific Terms of Reference (TOR) established for the Civil Aviation Safety Authority of Papua New Guinea (CASA PNG) and the National Airport Corporation (NAC). These TORs included:

1. Sight Inspections of Aerodromes: The Committee conducted on-site inspections of selected aerodromes across the nation to ensure that risks were minimized and safety was guaranteed for the traveling public. These inspections involved physical assessments of the aerodrome facilities and safety measures in place.

2. Interviewing Management Teams: We held comprehensive interviews with the management teams of CASA PNG and NAC at these aerodromes. These interviews allowed us to gather actual information on management practices, policies, technical operations, and financial aspects that may have impacted safety standards.

3. Recommendations for Corrective Actions: Based on the findings from the inspections and interviews, we aimed to make recommendations in a report to Parliament. These recommendations will outline the necessary corrective actions that must be taken by the government through the appropriate authority to enhance safety at our aerodromes.

Mr Acting Speaker, the Inquiry was all about establishing the facts. It was about understanding the purpose why most of our Airports and Aerodromes were not complying with the International Civil Aviation Organization (ICAO) standards. The inquiry was conducted with complete neutrality and impartiality. The Committee had remained aligned to the Terms

of Reference of the inquiry throughout its proceeding and the recommendations are the result of the Committee's comprehensive efforts in the enquiry.

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Findings

Mr Speaker, the Committee had worked diligently to obtain and examine the data, and considered a multitude of aspects that affected the aviation safety and the operations of our airports under those conditions. The Committee had identified several critical non-compliances in our inquiry that required immediate attention. These findings are as follows;

No runway friction testing equipment

Mr Acting Speaker, it is embarrassing to highlight to this Honourable House that the National Airport Corporation does not own runway friction test equipment. This vital equipment in the aviation industry measures the coefficient of the runway surfaces and in PNG, where the weather can be somewhat unpredictable, such equipment is critical to preventing runway-related emergencies. It provides real-time data for informed decisions on runway maintenance and safety.

Fit and proper person certification

Mr Acting Speaker, fit, and Proper Person Certification ensures that individuals in key aviation roles meet strict competency and compliance standards. In the aviation industry where safety is paramount, this certification instills trust in the competence and integrity of aviation professionals.

Mr Acting Speaker, the fit and proper person certification must apply to everyone in the aviation industry from the Management all the way down to Aviation personnel. Most of the aerodromes in Papua New Guinea inspected by the Committee failed to meet the Fit and Proper certification requirements imposed by CASA PNG.

Daily and periodic aerodrome inspections

Mr Acting Speaker, daily and periodic inspections of aerodromes in Papua New Guinea are fundamental to safety. These inspections encompass runways, taxiways, signage, lighting, and other critical infrastructures. They ensure that aerodromes comply with international aviation regulations and compliant to safety standards. Consistent enforcement of these inspections is critical to the safety of all domestic and international operators.

Relocate CASA PNG Office back to the aerodrome

Mr Acting Speaker, CASA PNG plays a vital role in ensuring aviation safety and regulatory compliances are adhered to by all operators. Having its office located away from the

aerodrome hinders the effective oversight of the aerodromes. What this ultimately means is the regulator is not enforcing the findings and not promptly responding to non-compliance. The relocation of CASA PNG office to the Aerodrome will enhance safety and regulatory compliances, critical for maintaining a safe and reliable aviation sector.

Relocate the NAQIA Office back to the aerodrome

Mr Acting Speaker, the relocation of the National Agriculture Quarantine and Inspection Authority (NAQIA) office away from the Aerodrome presents an imminent risk of invasive species and pests entering or leaving Papua New Guinea through our international entry points. Relocating the NAQIA office back to the international terminal strengthens cargo inspection processes and protects our biodiversity and endangers local fauna and flora species.

Mr Acting Speaker, this move ensures that agricultural and biosecurity checks are conducted proficiently at the entry points. It further encourages the comfortable flow of goods and produce, harnessing trade and economic advancement. After careful evaluation and deliberation, it is the view of the Committee that this relocation of the office back to the international terminal will retain the benefits to the traveling public and business communities.

Centralization of procurement process ineffective

Mr Acting Speaker, the National Airport Corporation's centralized procurement process has produced significant delays in the operation of the aerodromes in our Country. It is therefore imperative that NAC reviews its procurement process and align it with industry standards, categorizing procurement based on the level of urgency.

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Mr Acting Speaker, effective procurement procedures are crucial to precluding delays in acquiring essential aviation equipment and parts, and providing effective maintenance to the facilities. In aviation, faulty equipment can be hazardous to the safety and security of the aerodrome therefore must be readily available or acquired on time. The guidelines of the procedure must distinctly outline the process adhering to international best practices.

Mr Acting Speaker, these guidelines must clearly outline a transparent bidding process, vendor selection based on credible and expert contractors, adherence to budget restrictions, and regular audits on contractors to prevent corruption and mismanagement. The objectives of these recommendations are to streamline the procurement activities and ensure optimal utilization of resources while maintaining the highest standards of quality and safety.

Ineffective Warehouse Procedures

Mr Acting Speaker, another systemic failure identified in addition to the prolonged delays in the procurement process is the ineffective warehouse procedures which severely impact the day-to-day operations of the aerodromes in our country. There must be an effective operational warehouse procedure to counterbalance the gap in procurement delays in order to improve the safety and security of the aerodromes in the country.

Mr Acting Speaker, adopting applications like the cloud-based inventory management software can offer real-time visibility into stock levels, streamline warehouse operations, and improve the overall efficiency of the processes. This software includes features such as barcode scanning, automatic replenishment alerts, and real-time inventory tracking. Furthermore, cloud-based solutions allow data accessibility from anywhere, promoting seamless collaboration and reducing the risk of data loss.

Robust Recruitment Procedures and Guidelines

Mr Acting Speaker, our inquiry established that the recruitment procedures and guidelines must be reviewed and compulsory amendments made to ensure suitable and qualified personnel are recruited by the National Airport Corporation. It is important to highlight that the current approach in the recruitment process has reduced the professional and ethical behaviour and performances of the personnel and consequently increased the risks and associated risks at the aerodromes. Unprofessional methods of recruitment can allow individuals with inadequate qualifications and training to take up critical operational roles which can heighten the possibility of human error thus jeopardizing the overall safety and integrity of the aviation sector.

Mr Acting Speaker, it is important to ensure personnel employed in the aviation space meet the highest standards of competence and ethics. The procedure will support and maintain the integrity of recruitment therefore only qualified and suitable personnel hold critical roles in aviation operations. This minimizes the risk of human error and enhances safety.

Aerodrome Fire Services Under NAC

Mr Acting Speaker, the Committee established that the amalgamation of Aerodrome Fire Services to National Airport Corporation had led to many of the safety deficiencies in the operation of the Fire Services. This included simple items such as no proper Personal Protective Equipment for the firefighters. This vital service was compromised by the National Airport Corporation simply due to the fact that their priority was misguided by the management. A good example is unwarranted fencing erected inside the Jacksons Aerodrome that had a low-level safety rating and consequently compromised the safety and emergency response of the Fire Services. Other International Airports operate these entities as autonomous operations to ensure the scrutiny is provided objectively and the integrity of the aerodromes is maintained.

Awarding Contracts to Companies

Mr Acting Speaker, the inquiry established that contracts were awarded to companies that either lacked any technical expertise or had no prior experience in this environment. The agency entrusted to award these contracts overlooked fundamental prerequisites that would have guaranteed the project met international standards. Furthermore, the lack of scrutiny by the agency meant that contracts awarded and implemented by these contractors went unchecked and unchallenged.

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Emergency drills must comply to International Standards

Mr Acting Speaker, the aerodrome emergency drills in compliance with international standards is critical for preparing officers for a range of emergency scenarios. The inquiry established that emergency drills in most of our aerodromes did not comply with the international standards.

These drills ranged from emergency within the aerodrome, outside the aerodrome and water rescues. The mock up exercises also did not simulate an actual burning aircraft. The fire fighters set on fire old tyres using petrol and grease did not simulate the correct aviation fuel or jet A1 fuel used in aircrafts.

Mr Acting Speaker, the Committee has highlighted this serious non-compliance due to the fact that our emergency drills are well below the international aviation standards, therefore, poses a high level of safety risk for the travelling public in Papua New Guinea. The safety standards set by the International Civil Aviation Organization must be implemented immediately by National Airport Corporation and furthermore, the autonomy of NAC and aerodrome fire services must be seriously considered to improve safety at the Aerodromes.

All Airport Operators to work Collaborate

Mr Acting Speaker, the inquiry established that there are pending actions required from National Airport Corporation, Civil Aviation Safety Authority of PNG and Niusky Pacific Limited to address various findings which includes; regular updates on emergency contact list which are essential to ensuring effectiveness in emergencies. Failure to reach these contacts can have grave consequences.

The accurate publication of true bearing information is vital, and NAC must collaborate with Niusky to ensure its prompt and accurate publication, and agreements with specialist rescue service providers should be established to ensure support during emergency operations within and around the aerodrome areas.

Recommendation

Mr Acting Speaker, the recommendation in this report underpins safety and security at the highest level. It underscores that the National Airport Corporation, Niusky Pacific Limited, and the Civil Aviation Safety Authority of Papua New Guinea must not only be responsible but also have a legal obligation to ensure the safety of the traveling public is guaranteed. This is a duty that we must uphold unwaveringly. The findings of our inquiry, as presented in the report, calls for immediate action from all stakeholders in the aviation industry. We cannot overlook the areas that need urgent improvement.

Mr Acting Speaker, the recommendations are entrenched in the desire to learn from the best. We have looked to international airports such as Sydney and Singapore not with the intention of replicating but rather to understand the global benchmarks and best practices.

It is our strong recommendation that the National Government of Papua New Guinea explore collaborative efforts with entities like Sydney Airport Corporation, Civil Aviation Safety Authority of Australia, Changi Airport Corporation, and the Civil Aviation Authority of Singapore. This partnership can involve secondment, offshore training, and work experience, with the aim of elevating standards and enhancing customer service in all our aerodromes.

Mr Acting Speaker, aviation, as an industry, knows no borders. It thrives on cooperation and collaboration. Airlines, airports, and regulatory authorities across the world work in harmony to ensure the safety and efficiency of the sector. In this spirit, we must join hands and pool our resources to safeguard the aviation industry, not just for its own sustainability but for the countless lives that rely upon it daily.

Mr Acting Speaker, it's important to remember that the aviation industry is not just about transportation; it's a vital component of our nation's infrastructure. It facilitates connectivity, trade, and economic growth, ultimately contributing to our prosperity. By embracing these recommendations and fostering a culture of continuous improvement, Papua New Guinea can solidify its position as a regional aviation hub, ensuring the safety and security of our citizens and visitors alike.

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Mr Acting Speaker, I extend my heartfelt gratitude to all those who have contributed to this inquiry. From the Minister for Civil Aviation to the National Airport Corporation, Niusky Pacific Limited, the Civil Aviation Safety Authority of Papua New Guinea, and our international partners, their support has been invaluable in making this report possible. Their

cooperation is a testament to the shared commitment to ensuring that the skies over Papua New Guinea remain a symbol of safety, progress, and prosperity for all.

Conclusion

Mr Acting Speaker, in conclusion, I present this report not as an ordinary document, but as a blueprint for change. It is an expression of our collective dedication to ensuring that the aviation industry in our beautiful nation reaches new heights of excellence.

Mr Acting Speaker, let this report guide our actions, let it inspire our decisions, and let it remind us that we, as representatives of our people, bear a great responsibility to ensure the safety and prosperity of our citizens. May our efforts lead to a new era of aviation excellence in Papua New Guinea.

Mr Acting Speaker, once again let me thank you for this opportunity and I now commend this report and its recommendation to this Honourable House.

Motion (by **Mr Jelta Wong**) agreed to –

That the debate be adjourned and made an order of a subsequent sitting.

MINISTER FOR STATE ENTERPRISES – MINISTERIAL STATEMENT – PROGRESS REPORT ON THE REFORM PROGRAM TO PAPUA NEW GUINEA’S STATE-OWNED ENTERPRISES – PAPER NOTED.

Mr WILLIAM DUMA (Hagen – Minister for State Enterprises) – Mr Acting Speaker, it gives me great pleasure to present to this Parliament, a progress report on the Reform Program to our Papua New Guinea's State-Owned Enterprises, and their respective performance and outlook for this year.

Mr Acting Speaker, State-Owned Enterprises, as the commercial arm of the government, are key drivers of economic sustainability and the continued development of livelihoods and welfare of the citizens of our great country. The proper continual functioning of SOEs is therefore of critical importance to Papua New Guinea.

Mr Acting Speaker, I am indeed proud, as Minister for State Enterprises, to be charged with the responsibility of overseeing the SOE group, which is the backbone of our country.

I would like to extend my appreciation to the Prime Minister Honourable James Marape, for his unwavering confidence and support in my efforts as Minister to help improve the capacity of our SOEs, as the Minister responsible for this portfolio, including additional responsibilities for Kumul Petroleum Holdings Limited and Kumul Minerals Holdings Limited.

Mr Acting Speaker, I acknowledge the Leader of the Opposition, Deputy Opposition Leader and his team, who have acted responsibly in reminding all of us that the reforms of the Marape Government must proceed satisfactorily.

I also acknowledge the co-operation and assistance from Kumul Consolidated Holdings Limited, Kumul Petroleum Holdings Limited, and Kumul Minerals Holdings Limited.

Mr Acting Speaker, when the Marape-Rosso Government took office in 2019, one of the most urgent tasks to undertake was SOE reform, and this we have set out to do so on an unprecedented scale.

Mr Acting Speaker, today, I will outline the continuing progress of reform, focusing on the first half of this year, and following on from the outlook for the final six months.

Mr Acting Speaker, the Marape-Rosso Government has made significant progress on SOE reform since 2019, spurred on by re-engagement with and support from the international community, particularly the Asian Development Bank, the Australian Government, Japanese Government, and New Zealand Government.

18/03

Mr Acting Speaker, the Marape-Rosso Government successfully completed each ADB supported phase 3 program and associated reforms in the first quarter of last year resulting in the final draw down of the ADB policy-based loan of K900 million to the Treasury. I must emphasise, Mr Acting Speaker, that the completion of the ADB reform program does not spell the end of our commitment to SOE reform supported by our international partners but will also continue into the future.

Mr Acting Speaker, Kumul Consolidated Holdings Limited or KCHL has commenced negotiations established a new phase of reforms focussing on specific SOE issues as well as a more sector-based investment program. Other reforms internally funded by the Marape Government are continuing concurrently with international financed programs. Mr Acting Speaker, continuous improvements and operating sustainably are the new paradigms across the SOE system led by KCHL in areas such as administration and management, capacity building, risk mitigation, transparency and accountability including financial auditing, debt restructuring, balance sheet restructuring, procurement and expenditure monitoring programs, project

identification and management, asset management capability, rescue and recovery and operation sustainability and stability.

Mr Acting Speaker, a feature of the KCHL reform strategy is revenue and customer growth. Gains made through expenditure and other cost cutting measures will be applied to core business items to improve service reliability, lowest service cost and expand access to make services and infrastructure more attractive especially to significant customers such as the big business sector.

Mr Acting Speaker, coordination and collaboration against the SOE system and with other government departments and agencies are being undertaken with renewed vigour. KCHL is confident that it will deliver on its mandate to maximise SOE value and efficiency and profitability through greater consultation and cohesion.

Priority initiatives, Mr Acting Speaker, include effective sharing and alignment of planning and implementation capacity, ICT systems and other services, and SOE public investment program coordination. Mr Acting Speaker, Papua New Guinea's bilateral and multi-lateral partners will be key advocates in supporting KCHL to achieve its strategic achievements in the next six months. Most development support under the SOE program has proven to be successful in key sectors including aviation, power, water, communication services and maritime infrastructure. KCHL will continue to build strategic alliances with our partners to drive reform initiatives across the SOE system.

Mr Acting Speaker, the principle underlining reform leadership is to stabilise, invest and grow. This is an important element of the Marape-Rosso Government's Take Back PNG agenda. This strategy covers KCHL General Business Trust, which holds, on behalf of the Government and our people of PNG in all non-minerals SOEs. Our aim, Mr Acting Speaker, is to revitalise the general business trust as the foundation for national development through the delivery of reliable and best-quality services at least cost.

Mr Acting Speaker, while these broad-based reforms are continuing, this year's activities feature some very important SOE specific reforms, which are about to reach the critical implementation stage. Mr Acting Speaker, I want to focus on these activities today because of their importance to national development and the quality of life of our people. These include the following four initiatives:

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PNG Power Limited Recovery Strategy

Mr Acting Speaker, after several months of critical review, Kumul Consolidates Holdings is commencing a series of programs to rebuild PNG Power Limited. I presented the first phase of a comprehensive reform program to NEC earlier this year, and Cabinet recently agreed to provide K211 million to KCH to support the reform of PNG Power Ltd. This first phase consists of urgent priority activities to be carried out over the next six months.

Mr Acting Speaker, the corporate focus has commenced on the following initiatives:

Power Reliability for Port Moresby, Ramu and Gazelle Grid.

KCH-PPL are now undertaking a Comprehensive Condition Assessment of the Port Moresby Grid. The asset condition assessment will cover major assets in the power substations, power transformers, circuit breakers, controls and protective relays, control battery and chargers, condition of ground grid, and protection of PPL assets against theft and vandalism.

Mr Acting Speaker, this assessment will determine the condition of the equipment and assets, estimate remaining service life for each equipment and substation infrastructure, this work is critical and will enable PPL and KCH to identify the health status of its assets, review asset management processes, priorities replacement and maintenance scheduling, and reduce asset breakdown which can lead to blackouts,

Mr Acting Speaker, in addition, key projects under PNG Power coming online in the next six to twelve months include:

- Edevu 50megawatt hydropower connection to Port Moresby Grid in this quarter of this year,
 - Rouna 1 and Sirinumu toe of dam refurbishment of this quarter of this year,
 - PNG Forests Products 12mega watt Baime hydropower plant connection to Ramu Grid,
- and
- Completion of JICA funded Ramu transmission reinforcement project

Mr Acting Speaker, the PPL recovery has been supported by bilateral and multilateral partners.

Projects that are currently underway includes:

- Asian Development Bank funding US\$208million (K743m) for the Power Sector Development Program (PSDP). This includes:
 - Transmission Network Upgrade and expansion (Gazelle, Ramu-Madang, Ramu-Lae, Port Moresby-Kwikila)
 - Motukea substation

- Distribution network expansion (Gazelle, Ramu-Madang Ramu-Lae, Port Moresby-Gomore, Port Moresby-Motukea, West New Britain)

Mr Acting Speaker, the Australian Infrastructure Financing Facility for the Pacific (AIFFP) is funding the following key Projects under various funding programs:

- Ramu 1 hydropower refurbishment project for all units to increase economic life and rated capacity (AU\$75million),

- New Gerehu transmission line and substation and Port Moresby smart metering (AU\$60million),

- Laitim Hauslain project to increase household connections by 40, 000 in the Ramu and Gazelle grids (USD72million),

- DFAT grant solar power plants starting with Lae (Yalu) and followed by Arawa, Wewak, Aitape, Finschhafen, Maprik, Vanimo, Kerema, and Buka, and

- Paunda hydropower rehabilitation funded by DFAT (in feasibility stage).

Mr Acting Speaker, the World Bank Energy Utility with US\$30m (K107million) for Urgent Performance Improvement Program (EUPRIP). Key projects under the EUPRIP include:

- Transmission and distribution stabilisation
- Revenue protection (smart meters)
- New Management Information System
- SCADA and protection equipment upgrades

Mr Acting Speaker, these projects will be focused on restoring 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 Acting Speaker, every country reviews and upgrades its systems every three to four years but in this country nothing of this has been done since 1975.

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Mr Acting Speaker, KCH has been providing overall leadership support in driving the external audit for PPL. This support includes; ensuring audit requirements are processed before the 30th of June every year, addressing audit issues and recommendations and driving the balance sheet restructure.

As a result of these recovery interventions, it is highly likely that for the first time, PPL will receive an unqualified audit opinion compared to continuous disclaimer audit opinions for

the last 10 years. This external audit result is an early indication or a signal that PPL is on the right path to recovery and it is indeed a milestone for PPL.

Mr Acting Speaker, attention will be given to stabilising the balance sheet, aggressive cost avoidance and cost saving initiatives, instituting an Expenditure Control Committee (ECC), improving the procurement processes, and increasing productivity from all business units from generation all the way to our retail segments.

Mr Acting Speaker, as part of the rescue intervention, an Expenditure Control Committee has been established to monitor and control costs. The setup of the current ECC has been driven as a part of the current recovery initiative. This committee has been set up to strengthen the financial and operational efficiency of PPL. The focus is to oversee weekly spending and prioritisation of expenditure. All expenditure must be approved weekly through the committee.

Mr Acting Speaker, KCH and PPL have undertaken a review of the existing structure to cut costs and have approved a new structure. The new structure aims at cutting the total remuneration and emoluments package for the management team. A planned voluntary retirement and redundancy package will be undertaken which will cost up to K32 million, however, this is a one-off cost that will then see a savings of K30 million annually going forward.

As part of this review and rightsizing, the board and management of PPL has put in place a recruitment freeze on all non-core roles. This is all part of cost optimization and recovery strategy.

Mr Acting Speaker, I informed this House of Parliament that I would try my best to have a turnaround program in place for PNG Power, delivering results by December, and this remains my objective.

Further reforms at PPL will follow.

Air Niugini Development Program

Mr Acting Speaker, in 2022, NEC approved a KCH initiative to revamp the board and management of Air Niugini to bring them in line with the Marape-Rosso Government intentions for rebuilding the national airline as a matter of great urgency. More recently, senior management at Air Niugini was changed to bring about greater transparency and accountability and to execute programs to improve operational integrity.

The most pressing matter at the airline is the replacement of ageing fleet, noting that several aircraft are reaching a point where they are commercially unviable to operate. The fleet replacement program will assist to resolve much of the disruption currently being experienced by our long suffering customers.

Mr Acting Speaker, this activity will require the acquisition of new aircraft worth K3 billion. But this is an investment in not only our national flag carrier's future, but our country's development. After all, aviation has been critical to Papua New Guinea's growth for over a century.

Mr Acting Speaker, next generation aircraft have improved operating efficiencies, reduced fuel consumption and improved aircraft availability, as well as having larger carrying capacity. All of these will deliver cost savings which will be passed to customers in the form of reduced airfares.

Mr Acting Speaker, the Air Niugini Management together with the KCH team have been working very hard on the fleet program, which is arguably the largest asset acquisition ever undertaken in the airline's 50-year history.

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This includes the selection of the most appropriate aircraft to replace our regional jet aircraft; namely the Fokker F70 and Fokker F100. The F70 and F100 planes are no longer being manufactured and the team at Air Niugini is undertaking comprehensive financial and operational analysis of all available options and presenting a viable business case with financing options to the Boards of Air Niugini and KCH.

Mr Acting Speaker, in keeping with appropriate limits of authority and the conditions in the Kumul Consolidated Holdings Act. All funding acquisition options, either leasing or fully funding will progress to NEC for final approval before execution.

The aircraft selection will also be presented to NEC for consideration before a formal announcement is made. And that is the plane that we are referring to as the 'Peoples' Balus'.

Acting Speaker, may I add that as we now know; Air Niugini has selected Air Bus 220 to replace the F70 and F100 and we are pleased with the steps now being taken by Air Niugini, including the recent announcement of a new collaboration with Boeing to acquire the new Boeing 787 Dreamliner for our international network.

We are mindful that there are still many steps to undertake as we work to develop sustainable and meaningful growth in our nation's flag carrier. This includes the substantial financing package to be undertaken to acquire the new fleet and soon we will have our own dream liners that have the capacity to go as far as Chicago, Los Angeles and even New York.

Mr Acting Speaker, for the other State-Owned Enterprise Programs and Projects;

I would also like to draw the attention of our esteemed Members' attention to some of our other critical reform initiatives that are in progress, and projects that are being included this year.

Mr Acting Speaker, the partial privatisation of Telikom is continuing and robust negotiations are proceeding with a consortium of major PNG institutions, including superannuation funds and landowner representative groups. The privatisation will result in a re-capitalisation of the balance sheet and will include new investment and infrastructure to provide a reliable and affordable network for all customers as well as world-class management team from within Papua New Guinea and abroad.

A financial, commercial, and operational review of DataCo is underway, the aim of this, is to ensure sustainable finances, in particular management of debts. Other elements include operational and network integrity to build reliability and improve the quality of service. A due diligence assessment will also develop recommendations to improve DataCo's ability to drive long term growth in the wholesale market and work toward improving pricing.

Post PNG Limited

Mr Acting Speaker, reforms are now underway in transforming Post PNG from a postal business to a modern logistics business. This transformation is driven by the demand and growth in the logistics segment due to the increase in business volume by a few clients such as Coca Cola, Digicel, Ela Motors, UNICEF, and World Vision who have given business to Post PNG.

Key highlights for the first quarter of 2023 include the following:

- Post PNG was awarded a logistics contract valued at by FHI 360, to deliver medical supplies nationwide.
- The new ICT Server and Data Centre upgrade initiative is 90% complete in Quarter 1 of 2023. The second half of 2023 will continue to see the upgrading and modernization of Post PNG's capacity to drive operational efficiency and improve the quality of customer service.

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Post PNG continues to deliver medical supplies for the NGI region under the National Department of Health logistics project. This arrangement will continue in the remaining 6 months of 2023, and on this note I would like to encourage other Government Departments and State Agencies to utilize the services and products offered by Post PNG and other SOBS to ensure government revenue and business opportunities are protected in the interests of the State and our people.

- Western Union direct agency service launched in November 2022, continues to grow with a year-to-date revenue of K500, 000.00 in quarter 1 of 2023.

- The construction of the new Port Moresby Post Office located at the Steamships Plaza, downtown has progressed well.

- The construction of the new Tininga Post Office (Mt. Hagen) is well underway and is set to be completed at the end of June 2023. The new post office will ease customer traffic and long queues at the Mt. Hagen Post Office enabling growth of business and improved customer service.

- Post PNG has signed a Service Level Agreement (SLA) with Qantas in quarter one of 2023 to transport mail to Australia and other international destinations. The agreement enables Post PNG to exchange international mail transportation data in compliance with international standards.

National Development Bank Limited

Mr Acting. Speaker, the National Development Bank ("NDB") continues to provide accessible and affordable banking and financial products and services across PNG, especially in rural areas, in a sustainable business manner. NDB's key objective is to provide affordable financial access for our indigenous people to venture into business generation income activities and MSME opportunities.

Under the MSME Credit Facility at 4% pa, NDB continues to drive MSME Loans with an additional grant of K40m received from the Government in March 2023.

This grant funding is part of the Financing Partnership Agreement for the MSME Credit Facility which was executed with the Head of State on 16th November 2021. This allows for a 60/40 split of the Government funds between lending and a guarantee by the State which forms part of the security and administration costs.

Key achievements for the first half of 2023 include:

- Disbursement of MSME loans up to a total of K8, 672, 000.00
- NDB reported a year-to-date profit before tax of K476, 000.00.
- Loan repayments for the quarter was at K32.928 million against budget of K32.986 million. This is a better result than last year's performance.

For the first time in many years, the Marape Government recognised the importance of the SME section and allocated K200 million to the 2021 Budget. Further funding was allocated in the 2022 National Budget. This Government puts its money where its mouth is — not talking only.

New Commercial Bank

The People's Micro Bank Limited received K25 million directly from KCH as capital contribution to assist with the commercialisation program and the purchasing of a core digital banking system, to convert it into a fully-fledged commercial bank.

Progress has been made for the PMBL commercialisation work in collaboration with KCH. The focus will be on establishing a new structure, financial model, approval of a new core banking system, and business integration for the new commercial bank which will be officially launched by the Prime Minister soon.

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Motor Vehicles Insurance Limited

Mr Acting Speaker, I am pleased to outline to you today the key achievements of MVIL in the first half of 2023. MVIL is one of the best-performing SOEs with consistent timely dividend payments. In May this year, MVIL paid an interim dividend payment of K22.8 million for the 2022 financial year, and recently two weeks ago, MVIL paid another dividend of K24.1 million.

Mr Acting Speaker, for the first quarter of 2023, MVIL's net operating profit before tax was K24.194 million. These results are driven by the improved efficiency.

Water PNG Limited

Mr Acting Speaker, Water PNG strives to deliver its legislative mandate with the aim of providing safe, reliable, and affordable water supply and sanitation services to our citizens at affordable rates.

Some of the Water PNG key highlights for the first half of 2023 include:

- In Port Moresby, the Tete water supply project was completed, supplying safe water to over 3,200 Tete settlement residents.
- New sewage connections to the POMSSUP System - 12 out of 22 properties at Badili were connected and the rest are expected to be completed by the second half of 2023.
- Under the World Bank-funded water meter replacement program, a total of 13,269 water meters were replaced in Port Moresby, Lae, and Madang. Lae is 100% complete, Port Moresby is around 84% and work has now commenced in Madang and Mt Hagen respectively.
- Mt Eriama water treatment plant additional clarifier is in progress at a total cost of K64.515 million.
- Waigani wastewater stabilisation ponds letter of agreement has been signed & issued with contract negotiations underway.

- In Lae, the West Taraka tank restoration project is underway, and a contractor is on site to conduct Structural Integrity Assessment. The refurbishment of the water tank will be based on the assessment recommendations.

- In Kundiawa, the Urr Spring raw water pipeline project is in progress to supply water to the Kundiawa Township and is expected to be completed in September 2023.

- Popondetta water supply upgrade is underway with a total cost of K7.8 million. The estimated completion date is subject to current land issues at hand.

- Similarly, in Mt Hagen, the refurbishment of two sewerage pump stations was completed with work now in progress in clearing blocked sewerage lines.

- In Kavieng, Water PNG completed construction of a new 1.8ML tank in Kavieng to replace the old tank that was built in the 1970s.

- Water PNG has obtained a Certificate of Necessity from State Solicitors paving the way for the amendment to section 46 of the National Water Supply and *Sanitation Act 2016*, which will empower WPNG to issue licenses, invoices, and charge fees to private water operators annually.

PNG Ports Corporation Limited

Mr Acting Speaker, PNG Ports owns and operates a network of 15 ports throughout the country. From these ports, only Port Moresby, Lae, and Kimbe are profitable while the remaining 80 per cent of ports are break even or not commercially sustainable.

Mr Acting Speaker, although there are only three commercially viable ports, it is my commitment that PNG Ports continues to ensure revenue from the three profitable ports continue to subsidise the 12 non-profitable ports to ensure goods and services are delivered to our people across PNG.

Mr Acting Speaker, PNG Ports has commenced work on the implementation of the 30 Year Infrastructure Master Plan. This is a key infrastructure investment for Government and the people of our country that will promote trade and investment opportunities and socio-economic growth over the next 30 years.

This Master Plan is supported through the Australian Infrastructure Financing Facility for the Pacific (AIFFP), a funding facility of up to 600 million Australian Dollars. The development and rehabilitation program has commenced with Kimbe, followed by Kavieng, Oro Bay in the 3rd quarter of 2023, Lorengau in the 4th quarter of 2023, and Lae Tidal Basin wharf extension with the other ports to follow.

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In addition, PNG Ports has successfully completed two key projects captured in the first half of 2023, which include, the pavement rehabilitation work in Madang Port and the Boram Flat upgrade in Wewak Port.

Simultaneously, PNG Ports is currently evaluating an ICT based asset management system to ensure that the substantial investments made in port infrastructure by the government in Lae and at Motukea are routinely inspected and that repair and maintenance plans are implemented and tracked.

Mr Acting Speaker, the year-to-date total income for PNG Ports is at K104.8 million, higher than the budget. This result was mainly driven by higher wharfage, pilotage, and storage income.

The year-to-date unaudited net operating project after tax as of the first quarter of 2023 is at K47 million, 52 per cent higher than budget and 11 per cent higher than the corresponding period, which is a result of favourable income and well-managed expenses for the reporting period.

Mr Acting Speaker, this consistent performance by PNG Ports gives us hope that SOEs can generate sustainable revenue, and wealth for our nation, and contribute to improved socioeconomic outcomes for all citizens.

I assure Parliament that other struggling SOEs under my portfolio will be established over the next medium term through recapitalization initiatives and PPP arrangements and positioned to grow to be profitable entities of the State of which we all can be proud.

SOE External Financial Audits

Mr Acting Speaker, KCH has been working diligently to ensure the sustainability of the SOB reform initiatives through timely financial audits for SOEs including KCH.

For the first time since 2016, we are now able to determine and verify the financial health status of our SOEs.

I am proud to say that, all 2021 SOE external audits have been completed and 2022 audits were completed by 30 June 2023. Most importantly, significant headway was made in addressing audit issues from prior years. The year 2022 audited financial accounts of SOEs have been made available on respective SOE and KCH websites from July 2023 onwards.

This is a milestone achievement in improving corporate governance and prudent standards across all SOEs. Furthermore, SOEs are on track in actual revenue performance against the 2023 SOE budget revenue forecasts.

Mr Acting Speaker, in line with the Marape Government's emphasis on the non-resource economy and its 'Take Back PNG' agenda, Kumul Agriculture Limited is being restructured.

Under the new structure; where possible, existing plantation assets will be reinvigorated, and new projects in cattle and other livestock businesses will be explored in close collaboration with Livestock Development Corporation (LDC).

Mr Acting Speaker, KCH intends to fully develop Kumul Agriculture Limited's agriculture assets (the Dylup and Cape Rodney plantations) and venture into livestock and cattle rehabilitation projects together with LDC in line with Government priorities and objectives.

A submission is before the NEC to endorse elements of the restructure.

Kumul Petroleum Holdin Limited & Kumul Minerals Holdings Limited

As my duties also encompass the Ministerial oversight of Kumul Petroleum Holdings Ltd and Kumul Minerals Holdings Ltd, I would like to bring Honourable Members up to date with their activities.

Mr Acting Speaker, Kumul Petroleum Holdings Limited is continuing to progress negotiations to acquire an additional 5 per cent equity in the PNG LNG project, directly from Santos.

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Mr Acting Speaker, the Marape- Rosso Government has ensured that Kumul Petroleum Holdings Ltd acquires 50 per cent equity in this very important PNG LNG Project from Santos, and not equity in Santos.

That is the difference Mr Acting Speaker, between purchasing equity directly from Santos in the PNG LNG Project, has supposed to equity in a company Santos itself.

Mr Acting Speaker, that is the difference between the UBS loan and this transaction. We are buying direct equity in the PNG LNG project not equity in a company that holds equity in a project.

Mr Acting Speaker, the Board and Management of Kumul Petroleum Holdings Limited remain focused on building on dividend receipts of previous years, on the back of improved commodity pricing throughout this year.

Mr Acting Speaker, aside from an announcement of a K105 million dividend to the State, our other company Kumul Minerals Holdings Limited continues to actively participate in negotiations to reopen the very important Porgera Mine.

Mr Acting Speaker this dividend is largely because of a successful trading result from our other asset Ok Tedi.

Mr Acting Speaker, Kumul Minerals Holdings Limited is also in discussion with Treasury for a State guarantee on its equity in the Wafi-Goldpu Gold Mine on behalf of the citizens of our country.

Mr Acting Speaker, this is the first time dividend has flowed from our company Kumul Minerals Holdings Limited to the State since the State transferred its 67 per cent shareholding in Ok Tedi mining to this company in 2021.

Mr Acting Speaker, in the 2023 National Budget, KCH was allocated K200 million to fund key projects under its Corporate Plan. The allocations are Ramu 2 hydro project, K30 million; the land improvement program at the Port Moresby harborside program, People's MicroBank Limited commercialisation and privatisation program and branch expansion program, Mt Eriama treatment plant, Inland Waigani Sewerage Stabilisation Project, and so on. These investments Mr Acting Speaker of substantial national importance. To ensure that key projects this year proceed satisfactorily, there has been increased engagement between KCH and central agencies, including Treasury, Finance, and National Planning and Monitoring.

Mr Acting Speaker, these engagements continue to drive the alignment of SOE infrastructure projects and other economic investment initiatives on behalf of our Government.

Mr Acting Speaker, it is imperative that KCH continues to build effective relationships to encourage strategic planning, integration, budgeting, control, and monitoring of public-private investments.

Mr Acting Speaker, this year KCH has increased its support role to myself as Minister and to the wider Marape-Rosso Government, including the Prime Minister, the NEC, Ministers, and State Agency heads.

This has been demonstrated by the number of submissions and successful decisions through NEC, on various programs and developments throughout the year.

KCH has also engaged with bilateral and multilateral stakeholders, as well as the private sector and key non-government institutions.

In its more traditional role as overseer of the SOE system, ten out of ten Corporate Plans for our SOEs have been approved by NEC after they were approved themselves by the individual SOEs boards and of course the KCH board.

Mr Acting Speaker, KCH has also been active in corporate governance, with a series of initiatives completed or due to be completed by the end of this year.

The SOE Director recruitment and selection program is ongoing, with the aim to fill 15 vacancies across the SOEs as soon as possible.

Mr Acting Speaker, KCH is undertaking a Board skill set assessment and performance evaluation by a reputable third-party consultant from abroad for the boards of KCH, Air Niugini, Water PNG, PNG Power, and Telikom.

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Mr Acting Speaker, the assessments are on track to be delivered before the end of next month with others to follow soon after. KCHL is, Mr Acting Speaker, negotiating with to continue participation in the Australian Awards PNG facility which offers Graduate Certificates in Leadership. The leadership program is designed to build confidence, self-awareness and understanding of human behaviour in different situations and to build the corporate leadership skills needed to overcome modern workplace challenges for our SOEs. KCH is also progressing the next cohort of 20 women through directorship training following the original program for 14 women.

Currently, Mr Acting Speaker, 14 per cent of SOE directives across all SOE boards are occupied by women and KCH is hoping to increase this to 30 per cent by 2025. Mr Acting Speaker, it is important to note that the targets set by the Marape-Rosso Government for the start of this year has been met or are largely in progress for completion by the end of this year. Much has been achieved; however, much is still yet to be achieved. Mr Acting Speaker, I take this opportunity to praise the efforts of KCHL and all the SOEs for their performance in the first half of this year and look forward to outlining similar achievements for this year in due course. I also commend, Mr Acting Speaker, Kumul Petroleum Holdings Limited and Kumul Mineral Holdings Limited for progressing their respective investments and capital expenditure plans. Mr Acting Speaker, I commend this report to this honourable House and thank the members for their attention. Thank you, Mr Acting Speaker.

Mr ALLAN BIRD (East Sepik) – I move –

That the Parliament take note of the Paper.

Mr ALLAN BIRD (East Sepik) – Thank you, Mr Acting Speaker. First of all, let me thank the good Minister for this report. I think its overdue and I understand this is the half-yearly report. We are approaching the end of the year so I just wanted to make that point that perhaps early in the new year we can see the final numbers.

I'd also like to make mention of the important steps taken by KCHL to introduce more women to the board. I think that's something that we all look forward to. Perhaps we can also

look forward to better decisions coming out of the board as we start to balance the gender. One of the things I'd like to mention just looking at the report.

First of all, I think as Members of Parliament, we deserve a little bit more detail, Mr Acting Speaker. Whilst I understand a lot of these reports are on their respective websites, it would be nice if an executive summary was presented to the members of Parliament. Many Members of Parliament are not financially inclined so it would be nice also if Parliament itself had the capacity to take a look at reports like those coming from KCHL, given the significant balance sheet that it has so that when the report comes, Members of Parliament can be able to digest it and then meaningfully debate but not only that, but to fully understand what is going on inside those state entities.

As we know, many of them have a service orientation and this is not on the Minister. We've seen the failures of a lot of these service delivery obligations in terms of endless cancellations of flights, noting of course, the recent developments and perhaps there will be less cancellations of flights. We note also the power issues, on that note, let me thank the staff at PPL who flew to Wewak and helped to get a lot of our machines back online and to bring in the additional machine to support our township of Maprik.

But beyond that, I'd like to see some kind of a strategic paper presented to Members of Parliament to indicate what is the policy direction of government in terms of these state-owned enterprises. What do we intend to do with them?

27/03

This argument that they are going to perform better and they are going to look for better performance. I have been hearing that discussion before I became a member of Parliament and now, being a Member of Parliament for six years, we continue to have the same argument that if we invest more money they will continue to perform better. But, experience tells us that we are yet to see this 'better performance' even though you get to see some of it in dribs and drabs and we all get a little bit excited but then it fades away again. So to avoid that in future, I would suggest to the good Minister that for every state owned enterprise, when the statement is presented by the Minister, I would also like to see that statement accompanied by a matrix that includes the financial statement, the balance sheet, some kind of independent risk assessment of those various documents that I just spoke about and of course the risk profile.

We just heard the good minister mention in his statement that they are now looking for a State Guarantee, and that State Guarantee will ensure that whatever loans that are taken out by KCH, actually go on to the State Books.

Now, what does that mean for us in Parliament? That means that the debt numbers are going to go up, we will have to pass amendments to the *Fiscal Responsibility Act*; we have increased to 60 percent but if these debts go on then we will be required to increase beyond 60 per cent. I think that these facts need to be made known to this Parliament because it is all of us that have to make these decisions to continue to increase the amount of debt that we are going to take on board on behalf of KCH.

Now, that is the worrying part for me because it seems that we are so happy to look at the little wins and endorse a big plan, and when the plan comes on board further down the track because of a lack of risk assessment there is a lack of independent verification of the business plans of these entities; because the business plans are constructed by the organizations themselves. They themselves make the plans. They come and tell us that they will make big profits, they come and tell us to give them so much money based on the number that they develop and they get approval from Cabinet and they go out and borrow. So, in the event that they do not make that money, they come back to the State to pay off that loan but in the first place, they themselves created all the plans and presented to the Cabinet.

I am not sure if that is fair on Cabinet to be able to look at these large volumes of papers, very complex financial instruments to go through and then to give an approval. Then, three years around the track, the SOE gets into trouble, there is a new minister, there is a new government and then we go through the whole merry-go-around again.

So, it would be nice if this Parliament or at least this Government produces a quality document that tells us what we want to do with each individual State Owned Enterprise? What is our end game? Then we can approve these policies and then the investment processes followed by these organizations can follow the policies instead of them doing everything on their own.

To date, I have not seen a policy and again this is not a criticism of the minister rather this is just a statement of fact. It is also not a criticism of government but I would like to see that and I think the Members of Parliament would like that too.

If we can get for example; what is the total outstanding loan of all these SOEs? Yes, we can see here that one has made K104 million profit, another has made K134 million profit and you see K105 million here and there but I would like to see that collated in one matrix so that it can make it easy for the Members of Parliament to understand how much profit they are making so we allocate the budget and give it. At the end of the day, we can see if they are making profits and contributing to the consolidated revenue or not. Where are all these funds going? These are the issues I have.

28/03

I am also deeply concerned about the suggestion by the Minister that amendments will be brought to the Floor to penalise private water operators. I already know that private power operators who produce their own power are currently being penalised by PPL.

So, now we will be penalising people who produce their own water because Water PNG cannot supply water to them. Again, I would like to see a policy. What is our role? Are we to provide protection for inefficient incompetent entities or are we here to ensure that decent services reach our people?

I think the role of government and Parliament itself needs to be properly clarified. Are we going to go out and protect inefficient businesses at the expense of our people while our people continue to suffer? They cannot help themselves because if they provide their own water, we will penalise them. I think that is a wrong statement that should be coming out of our state-owned enterprises.

If they are unable to provide services, our people should be allowed to find other means to help themselves. We cannot use the power of Parliament to penalise our people when they go out and try to help themselves.

So, I want to make it known to the good Minister that I will oppose on behalf of the people of East Sepik Province. Any amendments that make it more difficult for my people to get services, I will not support it. I want to make it clear upfront.

To conclude, let me reiterate that whilst I commend the Minister for this report, I would like to see, out of respect not just for myself but all other Members of Parliament, that in the future, provide us with the balance and debt sheets so we can all be aware of what is the full quantum. Do state enterprises have debts up to K10 billion?

You just spoke about the five per cent that we are going to purchase out of the PNG LNG Project. Where will that debt sit? That debt is probably going to be in the region of K5 billion. I am guessing because I have not seen the actual numbers so I cannot say what it is. If it is going to sit on the balance sheet of Kumul Petroleum Holdings, and when gas prices drop when the Ukraine-Russia War ends, and Russian oil and gas starts flooding the market and oil prices come down and they are unable to pay their debts, who is going to pay? Do we put it back onto the hard working overtaxed Papua New Guinean taxpayers or who will repay it?

I think it is only fair that all numbers including the debts of all state-owned enterprises must constitute a part of this report that is presented to the people of Papua New Guinea through their leaders in this honourable House.

Thank you, Mr Acting Speaker.

Mr WILLIAM POWI (Southern Highlands) – Thank you, Mr Acting Speaker. I want to also contribute to the statement presented by the Minister for State Enterprises. I will contribute to Parliament on the importance of building state institutions as our legacy as legislators and leaders during our time, and the importance for the future of our country in terms of building institutions that will hold the breadth and length of this country.

Whether it is the traditional service delivery institutions from government departments and provincial administrations to the LLGs and districts or through the SOE of our business culture that we develop for this country, it is critically important.

Whether it is the traditional service delivery or business through state-owned entities, these two constitute institutions that must hold the breadth and length of this country after we are gone. I think that is fundamental for me from the way I am seeing.

29/03

But before I contribute to this, let me commend the Minister for State Enterprises. I sat here and realized most of his answer to the questions and some of the statements and other things that he has done but in the midst of all of the difficulties and the challenges he has been very comprehensive. And he spends a lot of time in the office and I also realized that there are many state-owned enterprise institutions for one Minister to take full coverage of and do it properly.

I think we need to in future, look at splitting those SOE into those that are performing more business-like and those that are not performing and through divestment and other policies; this is so we see a comprehensive intervention and the Government will take full control of the SOEs. How can one Minister go from PNG Power, Water PNG, Air Niugini and the other SOEs? We need to be reasonable and look into steps where the Government must be seen going forward. Maybe create two ministries so that we have full competency and coverage in these state-owned institutions.

Mr Acting Speaker, so whether we are talking about government departments, provincial administrations or DDS or LLGs, there is a lot of convolutions. And with joint governance we are suffering from service delivery because we are running backwards and forwards.

And if the same business culture is structured well under SOE, we will also be compatible within the region. For example, let's take Fiji, they do not boast minerals or oil and gas like we do, but their airlines are very economically viable they are flying direct to Los Angeles, San

Francisco, etc. Although the Government has intervened and done some positive things for Air Niugini, we are not on par.

We should be the regions' growing hub connecting Australia, New Zealand and other Pacific Islands countries; including the Philippines and going outwards to Asia, that is the outlook that we must have. We are a big country with a lot of resources and such mindsets must be embedded in our government service delivery and business culture.

Mr Acting Speaker, getting back to my point, service delivery to the Government institutions are also suffering. Where are we putting the SOE in the business culture and the comparable nature within the Pacific region? We are big and we need to build that culture in the SOE and that is a very important function and we need to do it properly. We can't just keep all the SOEs for one Minister to handle, we need to do it properly.

Service delivery in my view is not just the traditional service delivery functions of holding the government accountable, so if we are to incorporate business culture into the SOE then let us do it properly. A few days ago, I was to return from Brisbane and when we were waiting to board, we advised that due to technical issues, we had to switch aircrafts, from Air Niugini to getting onboard Qantas. What kind of image are we portraying? We have been independent for 48 years, and while heading towards the 50-year mark, let us change our business and service delivery culture and do the right thing. Those other underperforming entities, let us look into bringing them out. Create public private partnerships and ensure they are serving their purposes.

Let us not assume that we are doing better, when in fact we are not doing well. Let us consider some diversetment policies, like bringing in private experts or selling to ensure improved services for our people. These are just some of the things we could look into but amidst the difficulties the Minister has otherwise performed well.

30/03

But in midst of all these I've seen the responses from the Minister to the questions without notice and even during weekends he has been locked up in the office. I can see the level of commitment, but we need to improve in so many aspects in terms of service delivery. Not only on the traditional functions but the business culture and service delivery so that we are reputable and we bring services through the State Own Enterprises that our people expect. Thank you and this is my contribution to this debate.

Mr LUTHER WENGE (Morobe) – Thank you Mr Acting Speaker for giving the leave for me to speak on the paper presented by the Minister for Private Enterprise.

Mr Acting Speaker, before I make sentiments which I had to provide in relation to that submission, I'd like to humbly thank the Minister. Minister, you have a really thick skin. During the course of my time in Parliament and you have been holding this ministry and those that have come before you, they try to defend the ministry and the role and objective of that ministry. You have a difficult time to defend because there's a lot of failures in there and you stand up and those that came before you stood up and I will give you my unreserved thank you. You have provided Mr Minister to this Parliament, all of the businesses owned by the government of Papua New Guinea for the benefit of Papua New Guinea.

You have provided those companies that come under your Ministry, the success and failures they have gone through and the advice from your intelligence team constructive manner in which we can improve. You have provide information on many of those business to the Parliament and I thank you. You are not from Heaven and you are going to press the button and all the solutions are going to come. Surely not. All people in this country think that when you become the Prime Minister or when you become the minister you have answers for all the problems in this country. But Mr Acting Speaker, that's not the case. We are human beings and we have strengths and weaknesses, haves and have nots and all of those things.

On behave of the people of Morobe, I thank you Minister for providing this submission. We are in this country, Morobeans and Lae City is in this country and I have the mandate to express those things.

Mr Acting Speaker, we were once upon a time living as hunters and gatherers and fishermen. Very recently the white men and Chinese have come to our shores and have introduced to us their civilization and business manners. And we are struggling to perfect ourselves and be tuned, inline or advance on the system of civilization and business. We are struggling and the colonial masters have set up those institutions. Mr Minister has provided the statement. They have set up the Electricity Commission and now we call them PNG Power. They have set up the businesses for the government initially to provide services but they convert them into the business enterprise. For example, Air Niugini, PTC and all those businesses been set up by the colonial masters. We went to school and we got trained and eventually one day we will take over and by virtue of the Independence we took over. But we are still learning the processes and trying to perfect ourselves.

31/03

I don't think we will get perfection but near perfection. We will get there but it will take many years. But, Mr Minister, you are doing your best to get there. The reason why I called you a thickener is because you stood up for this country as a real man, and I admire you.

However, we will still have problems because that's not our way of life. Doing business and running a government system is not our way of life. Like the Parliament system we have is not our way of life. It's a new system derived from the Western culture and we will still struggle. We are trying our best to learn and adapt to the Western system of life in this country. Eventually, we will get there but we don't know, maybe we'll continue to struggle until Heaven and Earth come to an end.

Mr Acting Speaker, having said that, we've been to schools and learned so many things as intellectuals. Now, we are members of the International Community. We are not just alone. Papua New Guinea is a member of the International Community. We depend on Australia, New Zealand, Indonesia, and other International Communities. We are one world and we depend on each other.

Mr Acting Speaker, the point is, let us not try to become possessive. Air Niugini and PNG Power are two of the many SOEs providing services to our country and we should not allow airline and power companies from the international community to come and compete with us. I don't think we should think like that. We are members of the international community and we should be open up.

Mr Acting Speaker, we are having problems with Air Niugini Limited now. The Chairman of the Public Accounts Committee Honourable Richard Masere gives a report of the problems which exists in the aerodrome, the checks and balance of the plains that have been used for our benefit, and all other incidental matters.

Mr Acting Speaker, I said why do we have to keep Air Niugini there when it's having problems. The price of Air Niugini ticket for domestic flights has increased while the ticket price for an international flight is low. When you travel to Philippines from Singapore or from China to Indonesia and Australia, the cost of a ticket is very cheap with their airline companies but with Air Niugini, it's very expensive. The ticket cost for Port Moresby to Manus is like twice the ticket cost for Bangkok to Singapore.

Mr Acting Speaker, let's bring an airline company that can compete with Air Niugini. Give a company that does not exist, like Air Lines PNG, for instance. You restrict them by a monopoly system to operate only with two planes. We are preventing the rights of other planes like jets from coming and operating in our country. We should allow jets to come and operate

as they are capable of bringing the jets equivalent to the jets that we have with the Air Niugini. They are capable as they have been operating in this country, give them the opportunity. Why do we keep Monopoly, lets open up.

We are restricting PNG Power to ourselves. PNG Power produces the power and supply to Papua New Guinea's utility. Mr Acting Speaker, PNG Power is failing miserably and it's failing every hour in the city of Lae.

Mr Acting Speaker, you can't tell or impress me that you are putting something in to improve it and try to impress me but I can rebut that statement as we are suffering every hour and that is the fact.

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Bring in some foreign companies to compete with PNG Power. And that applies to other industries as well, for instance, PNG Water please allow foreign companies to manage it.

Please allow and give the foreign companies the power to operate a monopoly and that will create competition among other national companies like Air Niugini. If we allow this then you will see improvement in our economy.

And also, our ordinary citizens can purchase airline tickets cheaply to travel domestically and internationally because of competition providing avenue for that to happen. And even, I can purchase a ticket with K100 to travel to Singapore frequently.

Mr Acting Speaker, yes, these are some of the benefits of allowing monopoly to companies.

Even today if you want to travel overseas and purchase a ticket with Air Niugini it will cost a thousand kina for one way. That's the hard fact, Mr Acting Speaker, in as much as we protect the sovereignty of this country we have to open up because we are members of the international community.

Please don't stop some of the foreign businesses, for instance, this Russian guy who normally brews cheap beer from greens and beans produced locally and mixes it with beef meat, we have stopped him from producing it. But we the citizens of this country need and want him to continue with his business. Mr Acting Speaker, please allow him to continue brewing these cheap beers.

Mr Acting Speaker, we have to be creative and innovative ourselves because we are one in the international community and we must not get scared of them.

Mr Minister, we have to allow and as a government, you must collect the tax and don't say that you are too smart to run the business.

As I mentioned earlier, we all come from a background of hunters, fishermen and gatherers. We have not reached the top with the foreigners like Europeans and the Chinese people. We have not yet so these things must be done and when we do that then we will see many advancements in whatever we do and that will enable us to provide services to our people, particularly in power.

There is kina devaluation in this country. In Today's daily Newspapers, two businessmen stated that there is no foreign exchange currency in this country and its very difficult for us to bring in materials from outside.

Mr Acting Speaker, we have to fix the problem of foreign exchange because we can't import from other countries and we are faced with a huge problem now with foreign exchange.

Mr Acting Speaker if we fix this problem then I know that we will see a lot of changes in our economy.

Many people out there are unemployed because our policy on monopolisation is preventing all the genuine foreign businessmen and women from coming and operating here. And that contributes to not having many business men and women operating businesses in PNG that will create employment. Therefore, many of our people especially energetic youths are unemployed and walking the streets.

Many of them are university graduates eager to work but we can't utilise them for the usefulness of our country. And they hand up in criminal activities and in return, we have a lot of problems in this country that we can't solve.

As a member of the Law and Order Committee, we toured the country during inquiry based on these pressing problems affecting this country, was surprised to hear most people mentioned, just say kill them.

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Because many of those citizens are unemployed and rebelling and reviling against the government and the community. We have to address these issues as a responsible government and I agree with the Governor of East Sepik.

Too many ministerial statements are being presented on this Floor, but there is no demonstration or fragmentation in relation to the statements and recommendations that we are providing to this Parliament. I must see with my naked eyes that the policy has been converted and translated into reality and we must be satisfied.

Mr Acting Speaker, I am anxious because law and order and unemployment issues are rising. I was supposed to attend Law and Order Inquiry at 10 O'clock in Mt Hagen but the flight

was delayed to one O'clock in the afternoon. I missed out on the inquiry because the fault was with the Air Nuigini management. When arrived in Mt Hagen, I encountered a power cut-off, a similar problem experienced in Lae. These things are happening and it's a reality in this country.

We've been to school and we are intelligent, let's not be clouded by some other people who are giving out their best advice for the detriment of this country. Let's be creative, innovative, intelligent, and demonstrate it. I think that, if we open up to protect national sovereignty we are not alone.

Mr Acting Speaker, we are members of the international community, let's think internationally and make friends to all and enemy to none. Attract more investors to bring more foreign currency into our economy to boost the value of kina.

What prevents us from doing those things? I see that we are getting so much advice from our so-called friends because we are not checking on their intelligence.

Mr Acting Speaker, if we check on their intelligence and ulterior motives. They are ill-advising us.

Mr Acting Speaker, when making such arrangements to bring in police personnel through enhanced cooperation in Papua New Guinea through law and order. But when they commit an offense they will escape and scout free.

Mr Acting Speaker, I took the matter to the Supreme Court and five men bench agreed with me that they were trying to escape. They are the pretenses type of friends with all due respect so, we have to be very careful. I want this country to become creative, innovative, must be prepared to make mistakes and learn from them.

Some are saying Australian advice is best but God has created us equally, maybe because of different skin and hair colour. Mr Acting Speaker, I strongly urge that we think as an international community when conducting business, we must involve people from overseas to assist us in whatever we do.

I am very delighted with the work done by the Minister and Prime Minister in depending this country.

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I am happy with you. Mr Prime Minister and the rest of you have strong bodies and as such you should try and defend what you can for this country. But as for me, I stay with the people and I worry about the burdens of the people. So, who will come and speak for them in Parliament? They do not have the power. In Morobe who will come and speak for them?

Members will speak but they might be scolded so I will put it forward so the leaders will hear. Thank you, Mr Acting Speaker and God bless you.

Mr DOUGLAS TOMURIESA (Kiriwina-Goodenough)– Thank you, Mr Acting Speaker. It's about time we seriously look at the SOEs we have in our country. I want to acknowledge the Minister for bringing a paper for us to discuss openly in this House. You have nine organisations that report to one body, the KCH. Last night, before I went off to sleep, I was reading through the internet and I saw a Power company CEO in an Australian state. He tendered his resignation because of power outage in his State. He submitted his resignation because he felt he was not performing.

Mr Acting Speaker, for political reasons, for too long we have held onto some CEOs for too long and they're not performing. When you're a CEO of an organisation, your number one task is to make money for that organisation you're in. Some of these CEOs are enjoying high class privileges, Mr Acting Speaker. They're even paid more than the Prime Minister himself. They're given privileges that are better off than any public office held in this country but they're performance is questionable. They are sitting in those offices for ten to fifteen years and they produce the same results and we continue to hold them in those offices.

About time, the Government seriously considers removing non-performing CEOs in those organisations. You look at the paper that was presented today, Mr Acting Speaker. PNG Power, no profit. Telikom, no profit. Air Niugini, no profit. PNG Post, some profit. NDB, some profit. Water PNG, no profit. MVIL, doing very well. In PNG Ports, only three ports are doing well, the rest are not doing well. The new commercial bank is yet to make a profit. Out of the ten entities, only three are performing and we continue to hold them to sit where they are.

The Government has to rise up and say enough is enough and we have to make drastic changes. We cannot allow them to continue to enjoy the privileges at the mercy of our SOEs.

Mr Acting Speaker, I feel that the report presented by the Minister, that the SOEs that were created back then up until today, their sole responsibility is to provide service to the people of Papua New Guinea but at the same time be profitable so that the Government makes money from them.

Mr Acting Speaker, we have sat for too long and talked too much as this is not the first time the Minister has brought such a Paper to this House. This is not the first time the minister has brought such a report to this House. We know Minister that it's a big responsibility on your shoulders. It is a big responsibility on your shoulders. But someone needs to take that on and you need the support of your SOE CEOs to change the course of these entities. They cannot

continue to operate as they are. Governor Morobe was talking about PNG Power. PNG Power is a really big problem and we all know it. And we have been talking about reforms after reforms.

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Mr Acting Speaker, I will not be long instead I will be very short. Profitability in these organizations brings a lot of questions to be answered by the CEOs of these organizations and whilst the Prime Minister, the Deputy Prime Minister, and the Ministers are all seated, I personally feel that those CEOs should report back to the Minister and show cause why they should be there and why they should continue to operate in their offices? When time and time again the Minister brings up the report and it tells us that their performance is questionable, they are not producing results. Is there something wrong? Let us look at reforms within KCH itself.

Mr Acting Speaker, finally I am very happy through the wisdom of your Cabinet you have approved K211 million for PNG Power but why is this money going back to KCH, again when the problem is with PNG Power?

When it goes to KCH, they will remove the administrative costs and other costs and only half the money will go to PNG Power and only half the problems are solved.

The problem is with PNG Power! I know the Chairman and others report to KCH but the problem is with PNG Power. So why are we pumping money into KCH when you know that KCH has its own problems? Give the money directly to where the problem is and sort out the problems, let's forget these third-party arrangements.

Mr Acting Speaker, we have created a very large animal that is consuming a lot but not delivering the results that is why today, I would like to appeal to the Prime Minister that the problem lies with PNG Power so we should be dealing with PNG Power directly.

We put the money through KCH, they will take out their administrative costs and other costs, then by the time the money reaches PNG Power it will not be sufficient to sort out the real problem. That is my little contribution.

I want to thank the Minister for presenting an honest paper with the issues that are facing the SOEs and it is the responsibility of this Parliament to take it up and solve the issues. Our people of Papua New Guinea are waiting for answers to sort out these issues that we are facing today.

Thank you, Mr Acting Speaker.

Mr CHRIS HAIVETA (Gulf) – Thank you, Mr Acting Speaker, I rise to speak on the paper that was presented by the Minister for SOE but before that, I would like to congratulate the incoming members. I would also like to convey my condolences to the people of the Late Honorable Maso Karipe, who passed away. It reminds all of us to take care of our health and I think that we are at this juncture where we must consider our health very seriously.

Without further or do, I would like to speak on three things.

Firstly, our responsibility as leaders in this house and taking that responsibility seriously. Why do I say that? The Minister's statement is an update on the performances of nine subsidiaries under KCH.

So, if you want to judge what those subsidiaries are doing, you should go and find their audited reports. For example, today we are very fortunate that we have section (4) report before us

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So, do go through the section (4) report and turn to section (b) where it tells you that there are over 43 subsidiaries and companies that come directly under KCH.

As the Minister, what is your responsibility? That goes not only to the Minister but for all of us as well. What does the audit reports say for the ministry or the department that you run? The same goes for all of us in our DDA and in our provincial governments. Now, that is where you measure performance and bring out the issues.

The ministers will say whatever they want to say because they want the public to know that they are doing something but the real answers are in audit reports. And those reports are the score card of any government of the day, of the performance of all of us. And this is why I said, let me start with responsibility.

So, are we reading these audit reports? Are we holding our CEOs accountable for deficiencies in funds, for not doing statements up to date, and for having unqualified reports submitted instead of qualified reports? Are they up to date with their reports? Who are the political heads? Are they the boards or us?

Take the 2022 report and go through it. Do not wait for the Public Accounts Committee to choose whatever companies that it wants to hold an inquiry on. It is our responsibility to be proactive. Look at the reports, go through the findings and see if we can clear it up.

Now, getting back to the second issue which is the most important issue. We set these companies up so that they can do things differently from a department. In a department you

have bureaucracies. Companies operate under company rules. They have to make profit but at the same time, they have a social responsibility.

So, here we are talking about passenger fares, some of the highest in the world. The costs of power and water are some of the highest in the world, and yet the efficiency in delivery is very bad. So these are the challenges facing us. How can we say that PNG Power is making a profit or the company is now making a profit, and at the same time costs are very high? High costs of course inhibits new investment, new capital to grow our economy.

These are things that the Minister needs to balance out. Right now our people are suffering because of high costs of power, water and credit interest rates. So, maybe later the Minister can tell us when prices are going to be reduced both for power, water and airlines.

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How do you make them efficient? And I am sure you have an answer at the end of the day. But in my view, if we take our jobs seriously and act responsibly by making our organizations more efficient, we will start to produce results. And the results will pay back to our people profitably by lowering costs and in achieving a wider scope of service that these companies are supposed to provide.

Mr JAMES MARAPE (Tari-Pori – Prime Minister and Minister for Foreign Affairs) – Thank you and I would like to commend the Minister for State-Owned Enterprises. Days, weeks and months have gone and we are now approaching the end of the year, there have been many complaints as to the way many of our SOEs are performing especially those that assist us, the essential enterprises such as Air Niugini, Water PNG and PNG Power.

The report presented by the Minister intends to update us as we sit here representing our people. The Minister is showcasing transparency for us to scrutinize what is going on with the SOEs. The Minister assumed his responsibilities in early 2021 and since then he has spent a lot of time in ensuring that we stabilize the place. Since we took office in 2019, our task has always been to stabilize, invest and grow the SOEs. Just because it has not been done before, it does not mean it cannot be done.

All it requires is competency, consistency, investment and hard work. Today as we stand here on November 23, 2023 three years on since he became the Minister, life is being put back into all our SOEs. It may not be fully efficient for all the SOEs as we would like them to be but some work has taken place and consistent with the view to bring our SOEs back to life and serve our country better.

This statement gives us a reference point to hold Minister Duma and his team at KCH accountable. From the statement you will see that he has signed off, of the entire statement. A comprehensive report presented in an assertive manner to give the nation a reference point to what is happening in KCH.

Mr Acting Speaker, let me just remind all of us here today that in 2018, all the SOEs almost died out. Air Niugini, PNG Power, and Water PNG where I'd say, in the intensive care unit. While we have every right to complain, we must also be grateful and say thank you to the Minister and his team for a good job that they are doing.

It has been four years since this government took office and three years since he took charge of the SOE, I have to say here that we always debate amongst ourselves, with Treasury, the Deputy Prime Minister and even the Cabinet on what is the best possible route to undertake in respect to bringing our SOEs back to work. we have policy based programs that have seen the World Bank, Australian Government and other partners like Korea, Japan and China who are ready and willing to assist us; through grants, soft loans and aid combined with our own budget to ensure state -owned enterprise continue to operate.

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Today, I don't know, if we read or heard some of the points made by Minister Duma, he said these companies now presented unqualified audited report for the first time. I am not an accountant but those of you who are accountants, you know the difference between these statement and the status quo of the yesteryears. If they are now starting to present unqualified reports audited through competent and not just our own Auditor General but a qualified accounting firm having a visibility into what is happening in this place then something good is taking place in our state own enterprises.

Far from excellent but something good is starting to take place. If we forgot where we come from, Let me just remind us Lae City for instance; they are beneficiaries to two generators we've sent to in 2017. I ask this honest question and where are these two generators? I was part of the administration that sent the two generators from Israel. It was of extravagant cost yet today Lae City is not assisted by these two generators.

In 2015 a contract was signed by the Koreans Generator Supplier at the price of supplying take off pay at K1.59 a price and we are reselling it back to customers in Lae City for less than K1.00, a loss.

Mr Acting Speaker, as we speak, be considerate, acknowledge that restoration, reconstruction and rehabilitation that is taking place in this place. We came from a bad place –

rife with corruption, abuse and nepotism. Our state owned enterprises were sinking for want of a better word; it was in ICU almost dead, when we pulled it back and resuscitated it. If someone is sick for so long do you expect him to get up and get to work? No!

Mr Acting Speaker and to Papua New Guineans out there, have some sense of respect to the reform that is taking place in there. It will not happen overnight. To the leaders who expect miracles to take place, I speak for PNG Power, it is only for Port Moresby and Lae City that is scaring the entire country. Kokopo is turning around profit. Lucky for us intervention in Divune in Northern Province. Northern Province is the only other profit center outside of these three places. That is the status quo of PNG Power. Yet in Morata, a government earlier than our government many years ago decided to give free power and water because of the label committee service obligation. May be politics and impression of vote was in the face of the politician.

We have come a long way but Mr Acting Speaker, we mustn't blame the past, now is our time to fix it. And we are fixing it and I want to commend Minister Duma. You see for instance, page 10 of this report, our people at Tete suburb did not get the water for a very long time. Currently, 3200 people at Tete are accessing water supply, it is not from our ancestors but from Water PNG. It is the government's work under the leadership of Minister Duma in that sector.

You can see in the report it states that Lae, Port Moresby, Madang and Mount Hagen, are receiving water and meter installation. This is to prevent water theft. Port Moresby is 84 per cent complete. The report is there, read it before we talk too much. Some of us rush to debate without consulting the reports. To add on, there are no imbeciles running this government and the ministries. Go down to the right place and find out what is taking place. Walkk your talk and go to these sectors and see what is happening.

Without mentioning names, there is a senior Governor who has been around for some time, he does not sit back in his office and wait around. He walks through our government offices following up on what he feels needs to be followed up on seeking answers and getting resources for his province.

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So, I just want to commend Minister William Duma for showing to us that light is coming back in the State Owned Enterprise. Our government policy has him under his instruction that where you could partially privatise, partially privatise.

Mr Acting Speaker, he is also given indication that Telikom PNG is very much in advances stage to look into partial privatisation. The discussion is going on as we speak. Before

we engage down that part other state owned enterprises, restoration, rehabilitation; fixing the books and business that needs to take place and that is exactly what is taking place today.

In conclusion, in late 1979 and early 1980 or if not in 1981 when late Sir Imbakey Okuk went to Canada and decided to buy the Dash 7 Aircraft without even proper process. Lucky there was no Facebook that time. The entire educated elites at that time thought Sir Imbakey Okuk was going crazy. Where was the procurement process and why did you buy that plane without proper consultation? Forty years on, the poor old Dash 7 or the upgraded Dash 8 has carried the back bone of our Air Niugini for many years.

Mr Acting Speaker, I want to thank Minister William Duma for giving consistency of effort for the last three years, there's signs of improvement taking place. Eleven new aircrafts for purchase and hire are coming to re-fleet our Air Niugini.

For PNG Power, we already have 45 megawatts of clean green power from Edevu through the K211 loan program. K110 million went for 132 cable lines run from Edevu into Port Moresby. Switch on switch yard has already been established and Port Moresby would have new power from Edevu Hydro whilst awaiting Rouna to be stepped up and the work to be completed.

As the Governor Luther Wenge has said, only *Anutuc*, can command things to happen overnight. We are human beings, we must do our work step by step and if consistency on the path we've established in 2019 is maintained, not in one or two years but definitely in time, PNG Power, Air Niugini, Water PNG and all our state owned enterprises will come back to life contributing to our country. Singapore has done it; we can do it too.

I want to conclude by making mention that today we have many female KCHL board and management staff. Minister William Duma and the rest of the leaders alone could not have done it. The board of various state owned enterprises, I have informed Air Niugini Board already that the position you are in is not your retirement job. You were placed in there to make a mark for your country. So, to the boards, step up, get going and do your job. To the management, if you are not performing, James Marape will not defend you to be in those jobs. There's some people who have some link to me as my school mates, etcetera, they were removed from work. I don't come in and stop them from being removed. If the board feels that you have not been delivering to expectations, well you have to move on.

And part of our refueling of our state owned enterprises was to refuel with qualified Papua New Guineans from all parts of our country through the merit-based appointment process. If you are appointed please, your country expects you to step up and assist by delivering to expectations.

Thank you Minister Duma for this report, we look forward to the complete report again, sector by sector to come into this House for all our state owned enterprises, furnished as sector report to this House So that the leaders of this country and people of this country have full visibility on what is happening sector by sector so that we can then continue on to assist you do better for our country. Thank you very much.

Motion — That the question be put — agreed to.

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

Paper noted.

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MOTION BY LEAVE

Mr JELTA WONG (Gazelle-Minister for Fisheries and Marine Resources) — I ask leave of the Parliament to move a motion without notice.

Leave granted.

LEAVE OF ABSENCE – HONOURABLE ROBERT ATIYafa

Motion (by **Mr Jelta Wong**) agreed to —

That, Mr Robert Atiyafa be granted Leave of Absence for the duration of this meeting of Parliament due to sickness.

Mr JELTA WONG (Gazelle — Minister for Fisheries and Marine Resources) — Mr Acting Speaker, before I adjourn Parliament for tomorrow the Department of Fisheries and National Fisheries Authority is running a program at the State Function Room which is an open forum for all members to be part of in showing our coastal farming and sustainable farming and if you need some answers to creating an industry within your district, please attend.

ADJOURNMENT

Motion (by **Mr Jelta Wong**) agreed to –

That the Parliament do now adjourn.

The Parliament adjourned at 1.50 p.m..