

PARLIAMENTARY DEBATES CORRECTIONS TO DAILY DRAFT HANSARD

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

Corrections may be marked on a photocopy of the Daily Draft Hansard and lodged at the Office of the Principal Parliamentary Reporter, A123 (next to the Security Control Room).

Corrections should be authorised by signature and contain the name, office and telephone number of the person transmitting/making the corrections.

Amendments cannot be accepted over the phone.

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



LEE SIROTE

Acting Principal Parliamentary Reporter

SEVENTH DAY

Thursday 4 June 2015

DRAFT HANSARD

<u>Subject:</u>	<u>Page No.:</u>
QUESTION.....	3
MOTION BY LEAVE	18
SUSPENSION OF STANDING ORDERS – RE-ARRANGEMENT OF BUSINESS	18
CONSTITUTIONAL (AMENDMENT) (PAPUA NEW GUINEA’S OWNERSHIP OF HYDROCARBONS AND MINERALS AND THE CONSOLIDATION AND COMERCIALISATION OF PAPUA NEW GUINEA’S BUSINESSES) LAW 2014	18
ORGANIC LAW ON PAPUA NEW GUINEA’S OWNERSHIP OF HYDROCARBONS AND MINERALS AND THE CONSOLIDATION AND COMMERCIALISATION OF PAPUA NEW GUINEA’S BUSINESS LAW 2014	25
UPDATE ON 2015 BUDGET AND STATE OF THE ECONOMY– MINISTERIAL STATEMENT – MOTION TO TAKE NOTE OF PAPER	29
MOTION BY LEAVE	43
SUSPENSION OF STANDING ORDERS – SWEARING-IN OF A NEW MEMBER (Mr ELIAS KAPAVORE).....	43
RETURN TO WRITS.....	44
DECLARATION OF OFFICE AND OF LOYALTY	44
ADJOURNMENT.....	47

SEVENTH DAY

Thursday 4 June 2015

The Deputy Speaker (**Mr Aide Ganasi**) took the Chair at 10.00 a.m.

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

Sitting suspended.

The Speaker (**Mr Theo Zurenuoc**) took the Chair at 10.50 a.m., and invited the Member for Goroka, **Honourable Bire Kimisopa** to say Prayers:

‘Papa God, dispela de mipela kam before long yu, as empty as we are. Stat long leg blong mipela igo long het blong mipela, yu save long mipela. Kirap blong mipela na go daun blong mipela tu yu save. Yu luksave long taim mipela istap.

Dispela kantri yu yet yu makim na dispela pipol yu yet yu makim na sidaunim mipela long dispela kantri. Papa mipela tu so privileged that igat planti manmeri ol inap long sidaun long dispela Chamber tasol u yet yu allowim mipela, 111 ol man na meri long kam sidaun na representim ol pipol blong mipela.

As diverse as we are, as unique as we are Papa, yu bringim mipela kam long wanpela purpose tasol. Long servim ol pipol blong yu. Papa if we are not true to that calling, yu yet bai yu judgim mipela taim yu kam bek

Papa as mipela kam before long yu mipela kam humbly, seekm presence blong yu na seekim wisdom na knowledge blong yu. Titsim mipela wei blong yu so that toktok blong mipela, pasin blong mipela, disisen blong mipela em bai reflectim yu.

Papa mipela kam na bung long dispela haus bikos long dispela special calling yu plesim long laif blong mipela. Mipela ino perfect, mipela igat planti asua tasol yu looked beyond our faults nay u sidaunim mipela long dispela Chamber. For that we are grateful.

Papa mipela prea in a very special way, as yu lidim mipela through long dispela sesen, Papa bai yu blessim mipela olgeta wankain regardless of our station in life. Whether em holim bikpela wok o liklik wok, mipela olgeta equal tasol long ai blong yu, we are no better than our people.

O Papa God, have mercy long mipela long dispela taim. Tisim mipela pasin blong yu na wei blong yu, olsem yu tisim mipela long tokim dispela prea yu yet yu lainim mipela long en. Mipela olgeta iken bungim maus na prea olsem, Amen.’

02/07

QUESTIONS

Dr ALLAN MARAT – Thank you, Mr Speaker. My questions are directed to the Minister for Sports and Pacific Games and I ask the Governor of NDC to take note.

Mr Speaker, in January 2015, seven entities bided for beautification projects in NCD where directors or some of their relatives of some of the entities are the current Board members of the National Capital District Commission.

Amongst others is the Minister's family company 'Kitoro No. 33 Limited' trading as PNG Gardener was the winner of the bid even though its estimated project cost at K9 million annually for three years was the highest amongst all the seven bidders.

The NCDC contracted PNG Gardener for K27 million for a period of three years; 2015, 2016 and 2017.

Mr Speaker, I have evidence that shows PNG Gardener's 2015 beautification of the round-a-bouts in NCD alone will cost NCDC and the State a total of more than K2.1 million. For example, amongst others the beautification of Erima round-a-bout alone will cost K400 000, 8 mile round-a-bout will cost K300 000. The repainting of the Bird of Paradise Sculpture at 4 mile round-a-bout will cost K80 000, repainting of the Turtle Sculpture at Koki round-a-bout will cost K90 000 and repainting of a sculpture at the PNG Administrative Collage round-a-bout will cost K50 000.

Mr Speaker, one wonders whether a flower pot cost K10 000 or whether a tin of paint cost K20 000 or watering the round-a-bout cost K15 000 or thus a simple painter or gardener is paid K2000 fortnightly. The costing's are unquantified and unjustified and yet, the NCDC approved the contract in January 2015.

03/07

Is this the work of an insider or was there any undue influence involved?

Mr Speaker, a staggering amount of K20 million is allocated in 2015, for some purported unjustified and unspecified scope of beautification work for some new roads in NCD. Some of the purported works which clearly shows dubious and duplication of costing amounts to K20 million.

(a) The Kumul Flyover to Sir John Guise Drive where flower pots are not possible on Kumul Flyover and the section between Somare Foundation round-a-bout to Sir John Guise Drive already has flower pots and plants are growing in them. The Kumul Flyover to Sir

John Guise Drive is also allocated K500 000 in 2016 which is clearly dubious and duplication of costing.

(b) The Tokarara road to Hohola road where flower pots are not possible since the road has only two lanes.

(c) Badili to PNG Motors round-a-bout to Two Mile Hill, flower pots are not possible in 2015 as the road is still under construction.

(d) The University of Motukea where this road is still under construction and there is no possibility of building flower pots in 2015.

(e) The Paga Hill road, this road is still under construction in 2015 and there is no possibility of building flower pots in 2015.

(f) 9 Mile to Cassio circle, 9 Mile to Erima and Erima bridge to 5 Mile are the sections of the Hubert Murrery Highway which already have flower pots and plants growing in them. Again, Hubert Murray Highway is allocated K250 000 in 2016, which is still clearly a duplication of costing.

Mr Speaker, another interesting thing that is worth noting is that all the costing of PNG Gardener were done in rounded up numbers in thousands and one wonders as how that is possible.

My questions are:

(1) Can the Minister confirm or deny that his family company called Kitoro No.33 Limited trading as PNG Gardener was awarded a contract valued at K9 million per annum for three years totalling K27 million by NCD for beautification works in NCD?

(2) Can he confirm or deny that the cost of K27 over the three year period for beautification work in NCD is exorbitant, duplication and amounts to abuse and misappropriation of public funds?

(3) Can he confirm or deny that the cost of K9 million in 2015, 2016 and 2017 to repaint the sculptures and plant flowers on existing round-a-bouts and roads which already have flower pots and plants growing in them, amounts to wilful deceit and defrauding the State?

(4) Can he also clarify the purpose and intention of the staggering K20 million that PNG Gardener was allocated?

Mr Speaker, at this stage there is no itemised costing justifying the K20 million for beautification of new roads and landscaping in NCD?

(5) Can the Minister also explain as to how his family business arrived at rounded-up whole numbers in thousands in all the costing, and which independent organisation has been appointed to monitor and verify the contract implementation?

(6) Can the Minister confirm or deny whether he and his party leader had conflict of Interest situations in the deliberations of NCD beautification bid where the Minister is a member and his party leader is a Chairman of the NCDC Board who collectively constitute 50 per cent of the deliberate vote.

Finally, I seek leave to table this report containing the evidence.

04/07

Mr Labi Amaiu – Point of Order! He and the party leader didn't conspire to anything so address the Chair to put some clarity in it.

Mr SPEAKER – I want the Minister to answer the questions.

Mr JUSTIN TKATCHENKO – Thank you Mr Speaker, for the last 20 years, I have been the director and owner of PNG Gardener which is a family company, that has been cleaning the capital city for the past seven years and making sure that this city is clean and the landscape is well maintained because it's our capital city. As far as I know, proper process and procedures were followed at that time.

When I became a Member of Parliament, I declared my interest to the Ombudsman Commission and I was advised to resign as the director and shareholder of PNG Gardener, and Kitoro No. 33.

Therefore, I am no longer a director and shareholder of PNG Gardener since 2012, you can check for yourself. For me, I have no working input in PNG Gardener since I became a Member of Parliament.

PNG Gardener tendered for this job and I was not present at that board meeting when they deliberated on the contract. And the records shows that very clearly. So let's get the facts right before we start opening our mouths and tell lies about my family company, which have been operating in this country for the last 21 years.

I am very proud of what I have done for the city and if you look at the cost involved in maintaining this city's infrastructure, it's very competitive. There is no doubt about it, I am crystal clear in what I do and I have no problems about anything. If you go to Adventure Park you will see all the works we are doing there. When you drive around the city it has changed

significantly. None of these would have happened if our company was not involved with NCDC. It was out - sourced to get the job done and not to waste money.

PNG Gardener, maintains almost 2000 plus people every fortnight to clean and maintain this city. It's not just about putting boxes of plants and trees, it's about looking after the city for the benefit of the public. If we didn't clean the city for one week you will see the result which is disgraceful.

The amount of employment we have given to our people in Port Moresby over the last seven years has been incredible. This made our youths and our people from settlements have money in their pockets. It is not just about beautification but employment and maintaining our capital city. I don't have any doubt about it, so prove me wrong.

Mr Don Polye – Point of Order! The Minister is not answering the question. He asked about the K9 million paid per year for doing the work.

Is it justified for maintaining those pots because it is a lot of money?

The other point the Minister has to clarify on is that, if they were not there then the city would not be clean.

Does that mean that there is no other person or company in PNG that can do this job and share the responsibility of business in the city?

Mr SPEAKER – I will entertain you Point of Order. Honourable Minister, answer the questions.

05/07

Mr JUSTIN TKATCHENKO – I have gone through the proper process and it is not just above cleaning pots. It is about cleaning every street corner, intersection, parks and gardens, cutting grass and removing rubbish. It is not above cleaning one pot, it is above cleaning the whole city that you drive and live in so that you can have a clean and beautiful city to live in.

This is what this is all about, so at the end of the day it is all about making sure that this city is clean. Yes, there are probably other people out there but we all went through the correct and proper process. They all went through an evaluation of company assets and if the company is suitable enough to do the work, have they got the right insurance, working compensation and the whole box and dice.

When you are dealing with 2,000 people every day –

Mr Ano Pala – Point of Order!

Mr Speaker, as a matter of procedure, you should consider whether these questions should be asked on the Floor of Parliament or the information should be referred to the Ombudsman Commission and other authorities.

Mr Speaker, this is because no Member should be put in a situation where he needs to defend himself without proper information given to him. If documents need to be tabled, then they need to be scrutinised by you before you can allow these matters to be debated.

Mr Speaker, also, when you raise substantive matters, and these are important questions, they still need to be put through a proper procedure.

Mr Speaker, because of the substantiveness and the seriousness of these matters, these questions need to be asked by way of a substantive motion. So that, it becomes a motion and the motion is the issue of whether these things were done properly or not so that the Parliament can debate them. But no Member of Parliament should be put in a place or situation where he or she needs to defend himself or herself.

Mr Speaker, this questions the integrity of the Member and all of us including the Member who is asking the question and the decorum of the Parliament. Let us put it through the proper system –

(Mr Don Polye interjecting)

(Mr Sam Basil interjecting)

Mr SPEAKER – Deputy Leader for the Opposition, there is a point of order in progress.

(Mr Don Polye interjecting)

Mr SPEAKER – Order! Leader of the Opposition.

Mr Ano Pala – This is a very good question and the legitimacy and genuineness of such questions must be entertained and recognised, but the procedure should be by way of a substantive motion; not by a question. This is because you are questioning the integrity of a Member of Parliament.

When you are questioning the integrity of a Member of Parliament you are also questioning your own integrity and the decorum of this Parliament. People are watching and listening –

(Members interjecting)

Mr SPEAKER – Order!

Mr Ano Pala – What I am saying is that let us do it properly.

(Members interjecting)

Mr SPEAKER – Order!

Mr Ano Pala – That is what I am saying, so let us do it properly.

(Mr Sam Basil interjecting)

Mr Ano Pala – You put it out by way of a substantive motion and we can debate it and not by way of a question.

(Mr Don Polye interjecting)

Mr Ano Pala – The People’s House demands that that procedures must be done properly. Therefore, you must put it out by way of a substantive motion so we can debate it.

Mr SPEAKER – Honourable Members, the Point of Order made by the Minister for Justice and Attorney-General is in order. It has actually given us the correct steps to ask such questions. Nevertheless, it does not stop you from asking the question but the right procedure must be followed as it contains information that relates to Members.

I will not allow you to table it for I would like to know the source of the information that you have provided before I allow for the Parliament to decide whether to table it or not. You can bring all kinds of information here to accuse yourself, so, it is important that the Chair protects not only them, but also all of you. So, I think that I will have to make this

ruling which will set precedence for the future, that when you bring in information, you need to bring it to the attention of the Speaker first that the Chair can assess the information with the Member to establish where it has originated from. If it is substantive it will be put to the Floor to decide whether to grant leave or not for the information to be tabled.

06/07

Mr ANTON YAGAMA – Mr Speaker, I direct my questions to the Minister for Lands and Physical Planning.

On Tuesday, I asked the Minister for Lands about a prime land where the title was unscrupulously obtained by a businessman based in Lae.

The Ministers response was that the title was properly obtained.

My series of questions are as follows;

(1) If the land title was obtained -

Mr Patrick Pruaitch – Point Of Order! Mr Speaker, under the *Standing Orders*, the Minister should not be asked the same question again.

Mr SPEAKER – It's a different question.

Mr ANTON YAGAMA It's slightly a different question and if the Minister can allow me to ask them, he will know difference.

(Laughter in the Chamber)

Mr ANTON YAGAMA – Can the Minister explain how a land that was zoned an open space got changed all of a sudden from open space to a business lease which the Minister said the title was given?

The procedure in changing the zoning of a piece of land originates from the local authorities and in this case, the Madang Urban Council and the Madang Provincial Government.

But these two authorities never consented to change the zoning of this land.

(2) Can the Minister explain to the Parliament and to the people of Madang, how this company Awon Corp owned by Mathew Minape, got the zoning changed from open space to a business lease when no consent was given by the local authorities in Madanag?

(3) Can the Minister inform the people of Madang and this Parliament that this is in breach of the *Physical Planning Act*, and revoke this title in view of this serious breach?

Mr BENNY ALLEN – Mr Speaker, I thank the Member for Usino-Bundi for asking his series of questions.

When he asked his questions on Tuesday, I provided a background information as to how the title was issued.

Mr Speaker, any land that is supposed to be rezoned involves consultation with the local authorities, in this case, the Madang Urban Authority and also the Madang Provincial Government, if that public bus-stop was to have been rezoned to a commercial area.

The Madang Provincial Government is an important partner in making a decision as to whether land can be rezoned.

07/07

Mr Speaker, I am not sure whether that process was followed or not but I know that Awon Corp Limited has a legal title according to our file in the department. I would also like to add here that the title was issued before this Government took office, it was issued in 2006 and gazetted in August 2006.

Under *Section 72* of the *Land Act*, a Minister can grant direct lease to an applicant and that is what happened in 2006. It was a direct grant by the Minister to this company. With regard to question 3, I will go back and check with the physical planning division in the department and see if that process was followed. If the process of re-zoning was not followed and concluded before the title was granted then I want to assure the Parliament, the Member and his people of Madang that I will revoke the title.

Mr NOAH KOOL – I direct my questions to the Minister for Correctional Services and the Minister for Justice and Attorney-General and the Governor of Jiwaka to take note.

My questions are as follows:

(1) Are you aware that the Jiwaka Province detainees are using our Barawagi jail in Simbu Province and as a result, the cell blocks are over-crowded? Instead of accommodating 40 to 45 detainees it is now accommodating 80 detainees in one cell block.

(2) Are you aware that eating utensils, blankets and uniforms for both the detainees and Correctional Service officers are insufficient?

(3) Are you aware that there are no female cell blocks and they make do with what is there?

(4) When will you delegate the responsibilities so that all the stakeholders can work together to rectify this situation?

(5) We are persecuting humans so can we treat this as an emergency situation and have it resolved as soon as possible?

Mr Speaker, whilst still on this issues, my acting judge needs to be confirmed on his position because a huge pile of cases to be heard. There are over 300 people at Barawagi jail waiting for their cases to be heard. Innocent people are still waiting for their cases to be heard and frustration is building up thus adding problems to the problems already at hand.

Mr JIM SIMATAB – I want to thank the Governor of Chimbu for his questions.

Mr Speaker, first and foremost, I should state to this Parliament that a provincial jail is not only the responsibility of my Ministry but also an issue for any province.

A jail establishment is the end component of our Law and Justice Sector chain. The establishment ensures that our citizens incarcerated are safe, secured and fully rehabilitated prior to their release back into their societies. The concern expressed and raised by our Governor are important and need to be properly addressed.

08/07

Mr Speaker, for the record, Jiwaka being a new and full-fledged Province does not have its own provincial jail.

Today, the statistic from the Province shows that an average of 15 per cent of prisoners are convicted each month. This certainly indicates that there must be a new provincial jail build to cater for the 200 to 250 prisoners annually.

Mr Speaker, I have recently obtained approval by the NEC to establish a jail in Jiwaka as well as the other eight provinces that do not have jails yet.

Under the Public Private Partnership Policy and the legislative framework for any new jail to be built will cost K60 million to K70 million. Until, we build a new jail in Jiwaka, its citizens who are convicted will continue to be sent to other jails in the other Highland provinces, including Baisu, Mount Hagen, Bihute in Eastern Highlands and Barawagi.

Mr Speaker, from the record, 43 prisoners have been transferred last month to Behute, Gumine rural lockup, Baisu and Bomana.

In regard to the specific issue raised on the Barawagi jail, I wish to assure the Governor that the Department of Correctional Service is doing its best to address this short fall within the resource available.

I also wish to highlight that the Commander of Barawagi Jail is ultimately responsible in ensuring that his Correctional staff and prisoners are provided uniforms and other essential goods as required for their general upkeep.

Mr Speaker, the Standing Orders requires the Commander to report any shortfalls to the Headquarters and to fill the necessary requisitions for the supplies to be provided timely with acceptable quality.

Unfortunately, there is no juveniles' jail in Barawagi and most of the juvenile are sent to other Highlands jails. We do have detainees' facilities but it is located away from the main compound. These facilities are in the process of being relocated close to other facilities.

Mr Speaker, a week ago, the total prisoners at Barawagi was 272 detainees and out of this, 186 are convicted and 86 are on remand. However, as I said earlier, should there be overcrowding in any cell block at Barawagi, it is incumbent on the Commander to report this to the Headquarters so that prisoners can be transferred to other jails in Highlands region.

Mr Speaker, I am also pleased that the honourable Governor has raised these issues and has made a call for us to engage others in our communities to contribute to the effort in rehabilitate our citizens in prisons throughout this country.

09/07

On that note, Mr Speaker, I wish to make special mention of the provincial governors who have gone out to assist our jail establishments in most of our provinces. Let me first make a special mention to East New Britain.

Mr Charlie Benjamin – Point of Order! It is question time and many of us want to ask questions, so can the Minister get straight to the point in answering the question instead of dragging on as if he is presenting a ministerial statement.

Mr SPEAKER – Your Point of Order is in order.

Mr JIM SIMATAB – While given the opportunity, I would like to encourage other leaders, that jails are not the sole responsibility of the Department. The budget does not support all the needs that the jails have, therefore I would like to urge the governors to have support the jails in their respective provinces.

Mr Speaker, I wish to make special mention of the provincial governors who have gone out of their way in assisting our jails throughout the country and Manus is not one.

They are, Deputy Prime Minister and Governor for East New Britain who took time out to spend Christmas with the prisoners, and it meant a lot to the Department, West New Britain Governor who has contributed enormously to the prison there, Autonomous Regional of Bougainville, Madang, Morobe, Milne Bay, Central, Western Province and other governors who contributed in one way or the other including the partners and Ministers, like the Minister for Environment and Conservation who visits jails to assist us.

I appeal to all the other governors and leaders that it is not the responsibility of the Department alone. Year after year, I have seen that we don't get all that we want according to our budget therefore, please help us and forge this partnership with the institutions in providing budgetary support to our programs for each provinces. I now invite governors to make a real commitment in assisting your jails in the years ahead.

Sir Michael Somare – Point of Order! The Governor's question was in relation to the overcrowding of the jail, but the Minister went ahead and gave a long speech. As the Governor has stated, we did not ask him to tell a story, we are concerned about the overcrowding of Barawagi Jail which now holds 80 prisoners. The Governor wanted to find out whether the Minister had received any reports about that situation and what he plans to do to solve that matter. However, I am glad Minister did not mention Sepik because he knows that I do my job.

(Laughter in the Chamber)

Mr RICHARD MENDANI – Thank you, Mr Speaker, for recognising the people of Kerema. Before I direct my question to the Minister for Treasury, I would like to give some background information.

10/07

The people of this country and the Members of this Parliament are often informed through the media that commercial banks or financial institutions always declare massive profits.

These commercial banks and financial institutions make their money through interest rates. Commercial banks' interest rates are as high as 20 per cent. Loan sharks as well as financial companies charge interest rates that are about 2000 per cent per annum. These fees are known as cost of capital; and it should cover for operating cost and the risk of doing business as well as the profit margin.

Mr Speaker, the banks are also imposing additional fees; transaction fees as well as maintenance fees. And they are also charging fees on international transactions. There is a margin between the buying rate and the selling rate. And the margin goes as far as 35 per cent which is too excessive.

My questions to the Minister for Treasury is;

- (1) Would you agree that these fees are too high?
- (2) Would you also agree that there are elements of double dipping? These are anti-business practices and are likely to contribute towards poverty in the country.
- (3) If you agree, then what are you going to do about them?
- (4) Would you agree, that there should be only one cost of capital?

Mr PATRICK PRUAITCH – I thank the Member for his questions regarding fees charged by commercial banks and financial institutions. It is the work of the Central Bank to regulate the cost and the interest rates of the financial institutions. I am happy to say here that the Central Bank is currently undertaking a review to look at what the correct rates that banks are entitled to charge and at what point do we determine a reasonable rate of return on what the banks are doing. The Central Bank is currently undertaking that review and I will be too happy to report to Parliament once those findings are made available.

Commercial Banks are business entities that also need to declare profits at the end to pay their shareholders and staff, so they will use whatever way possible to make money. But as a Government we have agencies that are responsible to regulate and ensure that whatever fees that business houses are levying on consumers are reasonable and at a prevailing rate.

I am making this undertaking to table the bank's report once it completes its review.

11/07

Mr NIXON MANGAPE – Thank you, Mr Speaker for recognising the people of Lagaip-Porgera.

My questions are directed to the Minister for Mining but I ask the Minister for Environment and Conservation, Minister for Forest and Climate Change and the Prime Minister to take note.

The Porgera Agreement review is well over due for the last 25 years, many people were displaced without proper resettlement, the flora and fauna has gone, the gold field has been buried for life, and, just recently, Barrick offloaded its interest in the Chinese Company.

(1) What happened to the agreement review that started in 2013 by the O'Neill-Dion Government? Up till today nothing is happening.

(2) What is the Government's Plan for those SMA landowners who are affected by the Barrick Gold Mine?

(3) What will happen to the damage caused by the foreign company within the special mining lease, lease for mining purpose all the way to Lagaip River, straight to Strickland and Lake Murray?

(4) Who will be responsible for those damages?

(5) Why is this Government sitting idle while its own people are suffering?

Thank you.

Mr BYRON CHAN – Thank you, Mr Speaker and thank you Member for Lagaip-Porgera.

On the matter of the environment and compensation on the effects of the mine waste into the rivers down to Lake Murray I will have to direct those questions to the Minister for Environment and Conservation because that is his area of responsibility.

Mr Speaker, this O'Neill-Dion Government has taken the responsibility to review the MOA after 25 years. For 25 years everyone was kept in silence, there were new things happening and the past Government never attended to their problems up until now the O'Neill-Dion Government under the leadership of the Prime Minister gave the instruction to review all MOA's and after 25 years we are addressing that situation.

MOA's right now has been stopped because there are two groups which I think you are aware of, they have some misunderstanding between the two parties.

Otherwise, we from the department and MRA are ready to proceed with the discussions depending on the both sides to come to an agreement.

On the matter of resettlement, that is an issue that Barrick has agreed to, the process is still on going, they are committed to resettling the people and that is an undertaking, regardless of the new ownership, the resettlement process still exists, I can assure you of that.

The other environmental issue the Minister can answer that.

Thank you.

Mr AIDE GANASI – Thank you, Mr Speaker for recognising the people of South Fly.

Mr Speaker, my question does not relate to South Fly, it relates to PNG as a whole.

Mr Speaker, the United Nations General Assembly, in response to a growing global concern over the last two decades with respect to the terrible human consequence resulting from poor and inadequate regulation of the International Arms Trade, on 2 April 2013, adopted the Arms Trade Treaty.

12/07

The ATT opened for signatures on 3 June, 2013 and entered into force on 24 December, 2014.

At the time when the idea of the ATT was being proposed, a number of our Papua New Guinea Parliamentarians, including the current Prime Minister Honourable Peter O'Neill, Attorney-General, Honourable Ano Pala, Communications Minister Jimmy Miringoro, NCD Governor, Honourable Powes Parkop and others joined more than 2000 Parliamentarians across the globe in signing a declaration in 2012 pledging support for the implementation and ratification of the Arms Trade Treaty in their respective countries.

I recently attended a Regional Pacific Islands Parliamentary Workshop in Tonga where I learnt that to date, 130 countries worldwide have signed the Treaty and 67 have formally ratified it.

In the Pacific Islands region, Australia, New Zealand, Kiribati, Nauru, Palau, Samoa, Tuvalu and Vanuatu have signed the treaty. Samoa is the only other Pacific Island nation which has ratified the ATT along with Australia and New Zealand.

Mr Speaker, I felt quite embarrassed to learn that Papua New Guinea is actually lagging behind many of our smaller Pacific island states in terms of ratifying the ATT when we, as the big brother of the Pacific should be leading the way in the pursuit of such important international commitment.

My question is: Could the Minister inform this Parliament where we stand as a country in terms of honouring our commitment to ratify the Arms Trade Treaty?

Mr RIMBINK PATO – Thank you, Mr Speaker and I thank the Member for South Fly for his very important question.

Papua New Guinea shares the concerns of the international community in relation to proliferation of arms trade and political uprising engineered by Arms Trade in terrorism, illegal arms smuggling, genocides, ethnic cleansing as well as dictatorship.

Papua New Guinea has not signed the Arms Trade Treaty for a number of reasons, not because it was against it, but in the overall context we need to look at what the implications are, in relation to the ratification of the Arms Trade Treaty.

In fact, what Papua New Guinea has done to United Nations is to support the process whereby for instance; in 2001 PNG signed the global program of action in relation to this particular issue: the International Arms Trade and associated agendas which are of concern to the global community.

We have to consider very carefully what the Arms Trade Treaty has in terms of implications for our country. Last year we delivered the Defence Force White Paper as well as the review of the National Security Policy.

13/07

These are matters which requires to be placed in the context of what implications the Arm Treaty has for the overall national security of our country. That is why, whilst we are supporting the United Nations, we are also sending our officers to undertake studies, attend all the conferences related to this particular international issue so that once we come to the position of executing this important document we will know where exactly our nation stands in terms of our own security policy and defence force.

As I was saying the other day in relation to another question, we have to act in this matters particularly in the international community when it comes to matters of security, in a sensitive and responsible way, particularly when the smaller nations in the Pacific Islands are looking to PNG for leadership. Therefore, we do not want to take a position by rushing to sign a document because it may be the agenda of countries other than our own. We are going to sign it, I assure the Member, it will be ratified by the Parliament through the normal process but a review is underway and our technical people are looking at it very carefully in the best of our national interest. Thank Mr Speaker.

MOTION BY LEAVE

Mr JAMES MARAPE (Tari-Pori – Minister for Finance) – I ask leave of Parliament to move a motion without notice.

Leave granted.

SUSPENSION OF STANDING ORDERS – RE-ARRANGEMENT OF BUSINESS

Motion (by **Mr James Marape**) agreed to –

That so much of the *Standing Orders* be suspended as would prevent Notice Nos. 136 and 137 of Government Business being called on forthwith.

CONSTITUTIONAL (AMENDMENT) (PAPUA NEW GUINEA'S OWNERSHIP OF HYDROCARBONS AND MINERALS AND THE CONSOLIDATION AND COMERCIALISATION OF PAPUA NEW GUINEA'S BUSINESSES) LAW 2014

Second Reading

First required opportunity for debate and First Vote from 13 May 2014 (see page...)

Mr PETER O'NEILL (Ialibu-Pangia-Prime Minister) – Mr Speaker, In accordance with *Standing Order 222B*, I now commence the first required opportunity for debate.

Mr Speaker, as I have said before in this Parliament, I am pleased to present this Amendment for the Ownership of the Hydrocarbons and Minerals and the Consolidation and Commercialisation of Papua New Guineas' State-owned Business under this law.

Mr Speaker, this amendments provides for the foundation for the Consolidation of the State's Business interest into a more organised and simple regime.

Mr Speaker, at the moment there are a wide range of entities which continue to hold State-shares in all manners of businesses. One example, we have Petromin owning shares in mining interest, and of course the Independent Public Business Corporation owning shares

from telecommunications to water, petroleum and gas interest. We have a web on State-owned entity and business interest and managed by many different companies which has become totally inefficient and that is why our Government is aiming to streamline this into a more transparent and accountable manner.

14/07

Mr Speaker, the Kumul Consolidation Regime will bring together many State-owned entities under a single umbrella where the mining interests will be focused and managed by one company and the petroleum and gas interest will be managed by another. And the third will manage all our small investments in a consolidated company.

Mr Speaker, for too long these businesses have had a bad reputation of poor management and huge inefficiencies which incurred a lot of losses for the State and the people of our country.

Mr Speaker, this also led us not to build capacity and skills that would enable these companies to prosper well into the future.

Mr Speaker, that is why we need to manage these investments well so that the tax payers' funds do not continue to support these entities and their inefficiencies.

Mr Speaker, this amendment will insert a new section in the *Constitution* that will clearly state that when we enter into business interests like mining interests in any of the mining developments in the country, all the right to hold the shares on behalf of the State will be placed on one company.

When there are petroleum interests all that will also be under a single company as well. This is so that we know that any potential investor or person who wishes to get information can deal with one single entity rather than dealing with many government entities across the board.

Mr Speaker, the *Organic Law* will also provide further provisions about these decisions and interests which may include taking up interest in developments that will take place in many resources industries and commercialisation of those industries.

Mr Speaker, I know that after we pass this, the Kumul Structure will be brought forward and the holding companies will be brought forward by the Minister for State Enterprises.

Mr Speaker, as I have said, these companies will be managed by the private sector, by people with appropriate skills and qualifications so that we can have better outcomes as a result of the proper management of these institutions.

Mr Speaker, many a time we appoint people into positions where they are not qualified and as a result we have experienced poor performance from those institutions. That is why it is important that we separate the government's responsibility of appointing directors and management. Therefore, the government just simply becomes a shareholder and reports directly to Parliament every year.

Mr Speaker, this amendment will also clarify the hydrocarbon and minerals industry in the State's interest and the *Organic Law* will further commercialise those interests.

Mr Speaker, I would like to thank the Attorney-General and this staff for their support and although it took some time they have done a very diligent job. Therefore, I thank the Attorney-General and the former Attorney-General for the work that he led in this organisation, the Member for Sinasina, Honourable Kerenga Kua.

Mr Speaker, I also commend the leadership provided by the Minister for State Enterprises and his staff in making sure that we consolidate these business interests of our people once and for all.

Mr Speaker, I commend this Proposed Law to the Parliament.

Mr DON POLYE (Kandep – Leader of the Opposition) – Mr Speaker, I would like to establish the Opposition's stand on this Proposed Law.

Mr Speaker, in the amendment to the *Constitution* it looks as if it has no problem but I would like to remind Parliament and the people of Papua New Guinea that these are very strategic decisions and amendments that will have a far reaching effect. This is because what we will be doing, by this amendment, is that all the wealth and proceeds from the extractive industries will be kettled through this one entity or structure that the Prime Minister has just introduced as the Kumul Trust Holdings. Therefore, the amendments that we are doing will give effect to that.

Mr Speaker, I think that this is one of the most important pieces of legislation or amendment that this Parliament is about to do. Therefore, I would like to raise these following questions because there are similar legislation already in place that will carry out the same process.

15/07

We have heard the Minister for State Enterprises giving notice of various legislation, which he will be bringing, which the Prime Minister referred to and those legislations also mention other areas that are existing like the Kroton 1, Kroton 2 and you mentioned Petromin and all these other entities. They are all incorporated in this one entity.

Mr Speaker, I think the Parliament has a duty and the people of Papua New Guinea ought to know the details of these legislation beforehand so that the Members of this Parliament are well versed and clear as to what will be coming after these amendments to the *Constitution*.

Because such questions may arise in regards to the Kumul Holdings the Prime Minister has referred to, how can the Opposition understand the structure, how it is going to operate and who will be the shareholders, the appointing authority, who will be the trustees and who will be making decisions for the entity this Parliament is about to establish. Can the Minister for State Enterprises bring that as an after effect to the amendments? It is important that the Parliament has to know these things.

The second issue we would like to address is the Sovereign Wealth Fund. I understand that that is in the process. But from reports we get from the Papua New Guinea Central Bank Governor indicates that there has been some remarkable changes made after the first reading on the Floor of this Parliament.

Mr Speaker, we would like to understand what those changes are. If there has been any modifications, alterations done to this Sovereign Wealth Fund Legislature we will have to see and understand that. We have a clear understanding of the overall picture of why you are doing the amendment I think this Parliament is duty bound to understand and make the decision for this appropriate legislation.

Mr Speaker, if we go about making amendments without understanding all these factors.

The Opposition's position is without clarifying to the people of this country we cannot support an amendment that does not indicate clearly how the Kumul Holding, the Petroleum Holding and the Mineral Holding or the Sovereign Wealth Fund –

Mr Patrick Pruaitch – Point of Order! Mr Speaker, the Notices for the Kumul Holdings has just been given this morning and the Honourable Leader of the Opposition can wait until those Bills are presented then he can debate on those issues.

Mr SPEAKER – Minister, your point of order is in order.

Mr DON POLYE – Mr Speaker that is the point. This legislation needs to be known by the Members of this Parliament. We don't know that yet. We have got to study them. We do not need to rush them, we have to have a clear view of these structures that are being introduced before we pass the amendments.

I don't see any point in passing the amendment and later there are errors that need to be addressed.

Sir Puka Temu – Point of Order! Mr Speaker, the Good Honourable Leader of the Opposition is confused. The Bill that the Honourable Prime Minister is reading has been out for two months. So where has he been. The other Bills have already been distributed now. Mr Speaker, he should not mislead Parliament.

Mr SPEAKER – Minister your point of order is in order. In fact, it's a Constitutional amendment so it has been out there for two months. So questions were asked so it is allowed in the *Standing Orders* if you want to respond to them.

Mr PETER O'NEILL (Ialibu-Pangia-Prime Minister) – Mr Speaker, I know the Opposition Leader understands that this Notices have been in circulation. *Notice No. 136*. We must have an amendment in the *Constitution* before we pass the enabling legislation.

16/07

Those enabling legislations where notices were just given earlier this morning by the Minister for State Enterprises which are now being circulated by the Clerks to Parliament.

Basically what it says is that we have got investments. For example, we have Petromin in Tolukuma Mine. We have treasury holding in Bougainville as state interest whilst Ok Tedi is a separate part to it. All these things need to be consolidated so that we maximise the value of the investments that we are making. We are trying to put all these small investments everywhere under one company so that we can be able to understand where the State investments are.

Mr Speaker, the second point is that what this law requires is that it reports directly to Parliament. These companies are now going to table an annual report to Parliament before the

February sitting. That will give us a clear understanding of how these companies are performing.

Mr Speaker, as it is we do not know whether these companies are making money or not. The only time when they engage with the Government is when they need money or when they make loses. That is what we are trying to avoid. Thank you Mr Speaker.

KERENGA KUA (Sinasin-Yonggomugl) – It has taken us 40 years to reach this point and our people are anxiously waiting for us to cross over this hurdle in this sitting this morning. It would be nice if our Opposition Leader and his colleagues were to support it. This is because the issues that they have raised will come up at the next point when the Bills for the Acts are introduced for debate.

What we have on the Floor of Parliament is simply just the overarching *Constitution* amendment. That has been absolutely necessary because up to now our claim and the states claim to ownership has been founded on very tenuous grounds.

Our ownership claims are based on mere legislation. There has been nothing in the Constitution from independence up till now that proves ownership of minerals and petroleum in this country for the State.

People have been arguing in the courts in Papua New Guinea or in Australia and everywhere else and when due diligence for major projects are being carried out as to whether to invest amounts of money, people have always wondered and posed the question whether the State really owns those things. And we are going out and bringing in investors telling them we own it but our claim to ownership is based on mere legislation.

We have to improve our claim to ownership. That is why upon realisation we are bringing in this proposed amendment into Parliament so that we can constitutionalise our ownership. This will once and for all remove all doubts about whether or not the State owns those things. It will also give us the platform upon which to do business, generate revenue and all of us here can then see an increase in our DSIP, PSIP and every other development budget.

Therefore we need to strengthen our foundation and this legislation simply helps us to do this. I think the Opposition will support it once this clarity is made and we need to vote together. Let us demonstrate to our people that we are here to do what is in their best interest. After 40 years of waiting this is the moment. Thank you.

Mr BEN MICAH (Kavieng – Minister for Public Enterprise and State Investment) – I too would like to support this Constitutional amendment that will legislate protection of rights of the people of Papua New Guinea through their government ownership of minerals and hydrocarbon assets that have been kicked around by private sector companies.

When we got government after the 2012 National Elections from the government of which the Opposition Leader was very much a part of. As the former Minister for Treasury, he knew the importance of establishing Sovereign Wealth Fund.

17/07

And the importance of setting up the ‘Kumul’ consolidate agenda which the then Attorney-General, Honourable Mr Kerenga Kua had done to create this legislation.

Mr Speaker, I will later bring the bills with detailed statements but I wish to inform this Parliament of the importance of this amendment to the *Constitution* on this *Organic Law*. Firstly, it will give protection to our rights on the ownership of our assets in Oil and Gas as well as our minerals to consolidate under this ‘Kumul’ agenda. At the same time, we create and enable this structure to be established and clearly define our participation with the private sector in Petroleum, Oil and Gas development or mineral development. We will also look at the existing IPBC structure which will be recalled and renamed as ‘Kumul’ Consolidated Holding legislation.

Mr Speaker, I think this is what this amendment is all about and when we get the bills that will establish the three ‘Kumul’ companies, then the issues which the Leader of the Opposition is raising can then be debated.

Motion (by **Mr James Marape**) agreed to –

That the question be now put.

Mr PETER O’NEILL (Ialibu-Pangia – Prime Minister) – I ask leave of the Parliament to move the Proposed Law without amendment forthwith.

Leave granted.

Motion (by **Mr Peter O’Neill**) put –

That the proposed law without amendments be read a second time.

18/07

The First Vote requiring a two-thirds absolute majority of 74 Members as required by the *Constitution*, Mr Speaker ordered that the Bells be rung.

The Parliament voted (the Speaker, **Mr Theo Zurenuoc** in the Chair) –

AYES – 80

NOES – 5

Motion so agreed to.

Bill read a second time.

Ordered – That in accordance with *Standing Order 222E*, the Third Reading, which is the Second Required Opportunity for debate be adjourned for at least two months this day as required by the *Constitution*.

19/07

**ORGANIC LAW ON PAPUA NEW GUINEA'S OWNERSHIP OF
HYDROCARBONS AND MINERALS AND THE CONSOLIDATION AND
COMMERCIALISATION OF PAPUA NEW GUINEA'S BUSINESS LAW 2014**

Second Reading

Debate resumed from 13 May 2014 (See page...)

Mr PETER O'NEILL – Mr Speaker, in accordance with *Standing Order 222(B)*, I now commence the first required opportunity for debate.

It is the same as what I mentioned earlier on the ownership of hydro-carbon and mineral consolidation, and this is merely just an organic law in support of that, so I commend to Parliament the *Organic Law* for the Papua New Guinea Ownership of Hydro-Carbons and Minerals and the Consolidations and Commercialisation of the Papua New Guinea Law 2014.

Sir JULIUS CHAN (New Ireland) –Mr Speaker, I just want to support this bill. This bill is constitutional and it is not a simple change. This is a very big move away from the cloudy position that we were in before, in terms of ownership of the respective resources.

As the former Attorney-General said, this is defining who owns the mineral in the ground. Although the *Constitution* actually covered the fact that the people of this country own the mineral in the ground, there are two sections in the *Mineral and Mining Acts*.

In *Section 4*, it says that; the people own the mineral in the ground but the minute the minerals have been extracted by the explorer, who has an exploration license; the company owns that commodity and the Government has to turn around and go buy 30 per cent of it. We are buying what we really own.

It just does not make sense and I hope I am able to get the support of the Leader of the Opposition. This is the opportunity for a turning point, the State is going to own it. But what I would like to stress is that I want to see the state distribute its shares fairly and sufficiently to the landowners. They have owned these minerals for the last 40 thousand years.

I think the Government is doing the right thing and I can see the merge of the Government laws coming into effect and amalgamate into mine, which I have no problem with.

I think it is a very big change from what it was to what we know now that it belongs to us in the ground as well as after it is extracted. We do not have to buy what we already own.

Mr DON POLYE – Mr Speaker, I do take, of the debates made by other Members of Parliament on this subject that they support however; the position that the Opposition is taking is; it does not directly look at the current Constitutional amendment as our main argument but we think that all the legislations, including the enabling ones need to be looked into totally, to see the motivation of this amendment.

I think the Parliament needs to understand because we have just had the notices introduced by the Minister for State Enterprises referring to other enabling acts that we are not clear about. We need to study them, in order to understand that these are the effects or results of what we are going to achieve.

At the moment, we are doing amendments without understanding what our enabling legislations are, which will operationalize the entity that we are trying to set up. On this we have a strong opinion that it might not be well or it could be ill- motivated. But that area of doubt needs to be clarified when you bring all the other legislations surrounding this main

one before Parliament so that we have a clear understanding of all those legislation because some have just been introduced.

20/07

Mr Peter O'Neill – Point of Order! Mr Speaker, we do not have to be repeating a hundred times to inform the Opposition Leader. This business has been on the agenda for the last two months, the other amendments that are coming are on notice today.

Mr Speaker, the papers have been circulated already, we do not need to make big noises about this issue. It is for him to study, digest and see the assimilation or otherwise in these matter.

Mr DON POLYE – Why can't we delay this until we have studied the others?

Mr SPEAKER – It is in process.

Mr Michael Somare – Point of Order! If the new legislation is coming in and we are arguing about the rest of the legislation then we should also be careful of what we do, especially when it comes to the landowner questions like what the Honourable Sir Julius Chan raised.

When we come into Government there is no point in saying yes the Government owns it but there are elements of people that are now complaining about the land ownership. Hela, for example we had to negotiate the oil ridge in Hela Province.

The landowners had to be given some benefits in their interest in the program like the Member for New Ireland has expressed.

Prime Minister you are to make clear to the people because I do not want you to sit on chairs and say there 7.2 per cent is not given to them yet and they are still waiting.

Thank you, Mr Speaker.

Mr ASSIK TOMMY TOMSCOLL – Mr Speaker, from the outset I commend the Prime Minister for bringing this amendment.

I also take this opportunity to commend the former Attorney General for the good work and effort he has put in, for our former Attorney General is very an intelligent Constitutional lawyer. Obviously in his own mind he would not have done the wrong thing.

Mr Speaker, the basis of this change is very simple and if without amendment this change is necessary and must happen.

Mr Speaker, for 40 years the resources of this country has not been clearly vested by law, we must protect them and the Government is obliged, and as leaders we are all obligated to secure the resources of our people.

That security and guarantee of owning can only be best protected in the *Constitution* of Papua New Guinea we cannot rely on other legislations. Other legislations when brought before the Courts leaves to many issues.

So, this change, if without any other amendments to come, or other bills to come as a consequence of it, us as leaders to vote for and protect it.

This country is founded on a *Constitution*, all laws are built and come out of a *Constitution*. The resources of this country have never been protected, our rights are protected as humans in the *Constitution* so, I do not see why this issue has to be dragged on.

We have to show it to our people that the resource belongs to them and the consequential amendments or bills that will come later will determine how we should vote to determine the benefits of sharing they should have.

Instead, we do not need to go far, the Government has demonstrated generosity in the Ok Tedi case.

21/07

The people of Ok Tedi own the mine. This is what the Government is set to do. This is the pathway it has chosen in terms of future developments in the mine as well as oil and gas.

Mr Speaker, I commend this amendment and I do not think we should further debate it. If we talk more, we will continue to confuse ourselves. Thank you.

Motion – That the question be now put – agreed to.

Motion (by **Mr Peter O’Neill**) by leave, put –

That the Proposed Law without amendments be agreed to.

The First Vote, requiring a two-thirds absolute majority as required by the *Constitution*, Mr Speaker ordered that the Bells be rung.

22/07

The Parliament voted (the Speaker, **Mr Theo Zurenuoc** in the Chair) –

AYES – 80

NOES – 5

Motion so agreed to.

Bill read a second time.

Ordered – That in accordance with the *Standing Order 222E*, the Third Reading, which is the Second Required Opportunity for debate be adjourned for at least two months this day as required by the *Constitution*.

**UPDATE ON 2015 BUDGET AND STATE OF THE ECONOMY–
MINISTERIAL STATEMENT – MOTION TO TAKE NOTE OF PAPER**

Mr PATRICK PRUAITCH (Aitape-Lumi – Minister for Treasury) - Thank you Mr Speaker, I rise to take this opportunity to update the honourable Members on the state of the economy and the challenges posed by changing global economic conditions.

Mr Speaker, this Parliament will recall that last November I presented the National Budget soon after taking the current portfolio.

Mr Speaker, it was a budget brought down during a momentous year. The US\$19 billion PNG LNG Project had been completed in May and we were looking forward to windfall revenues that will continue to propel PNG's economic growth in a dynamic fashion. Unfortunately after the decade on being on commodity prices which has given us 14 year unbroken record of economic growth and the global climate has been feeling the winds of change.

23/07

The effects of the global financial crisis in 2008 and 2009 are still with us, as my delegation was clearly told at the recent annual meeting of the Asian Development Bank in Azerbaijan.

From around 2011 we began to see a sharp-drop in export prices of PNG's gold and copper output and in a quite unexpected fashion crude oil prices have experienced a similar plunge since the budget was brought down in November last year.

Mr Speaker, this development has sharply impacted on PNG's export revenues and resulted in a moderation of our anticipated LNG revenues.

Mr Speaker, I am sure that all the honourable Members of this Parliament have been following media reports about the current economic situation and the financial implications for the government. Much of what we have currently been experiencing is also being felt especially by other resource producing countries like Australia.

For much of the past decade the strong driving force for global growth was the Chinese economy. With the near double digit growth enjoyed by China most commodity prices rose to record highs. The Chinese economy is unfortunately now slowing down and with it, so is its appetite for resources resulting in the drop in most commodity prices.

Mr Speaker, the slowing down demand in China along with the surge in shale oil production in the United States has created a cloud on the world market scene resulting in the fall in crude oil prices. It was made very clear in Azerbaijan that the world economy is still in a somewhat precarious state even though the US economy appears to be on definite recovery path.

Even that recovery presents some dangers because likely plans by the US Federal Reserves to raise interest rates could have an adverse impact financial and stock market around the world, and further dampen gold prices.

Mr Speaker, the situation in Europe also remains uncertain with doubts lingering about the debt situation facing Greece. The Asian Development Bank has forecasted slower growth among the emerging economies which with China has been spearheading much of the global growth in the past decades. This does not even leave much room for optimism about world economic growth which the International Monetary Fund now forecast at around 3.5 per cent.

Mr Speaker, commodity prices are expected to remain low in this scenario although Brent crude has recovered from a low level of US\$49 to around US\$65 per barrel and about 40 per cent less than the previous levels.

Mr Speaker, this is a situation that calls for caution on the part of our government. This is partly in anticipation of high LNG export revenues and record government revenues. The O'Neill-Dion Government ramped a budget expenditure since it took Office in 2012. High levels of borrowings were felt to be sustainable at these along with record government

revenues have been used to fund free education and free basic health, and infrastructures and other priorities in the Medium Term Development Programme and Vision 2050 plan.

As outlined in the 2015 Budget these priorities include;

(1) Enhancing opportunities of our people by building the foundation of our country in 2015 while recognising the need for macroeconomic stability by progressively returning to a balanced budget;

(2) Further promote the efficient and effective implementation of major projects through improved design, scoping and implementation processes;

(3) Increased direct funding to provinces and districts with emphasis on monitoring, evaluation and compliances so as to achieve improved development outcomes;

(4) Continue to support policy priorities in education, health, infrastructure, agriculture and small and medium enterprise sectors; and

(5) Continue to strengthen the Justice Sector by resourcing the Correctional Services, prioritise the Police and rebuild our Defence Force.

24/07

Mr Speaker and Honourable Members, it is clear that some of the positive factors that have propelled growth in our country over the last 14 years are now fading in the face of structural changes in the global economy.

I would nonetheless give to this honourable Parliament an assurance that with the continuation of prudent policies, our economy can be, will be, and will continue to prosper and grow. Inevitably some changes will be necessary but the resilience that has been generated in the past will stand us in good stead. In essence, our biggest challenge continues to confront us every day. This has less to do with the macro-economic management of our economy, where this Government has by and large done a commendable job.

But in the more important and somewhat elusive task of turning our new found wealth into improved lifestyles for the majority of our population. Too many people still live a life of poverty with inadequate access to essential government services. That remains our number one challenge.

Mr Speaker, much of the increased spending in recent years has in fact been targeted at improving living standards through improved access to education, health services and improved infrastructure for more economic transport of goods and services.

Mr Speaker, this Parliament will recall when I delivered this year's Budget in last November it was prefaced with a Supplementary Budget for 2014.

Treasury has had to cope with the challenge of falling Government revenue by making Budget cuts and by reappropriating some savings from the trust accounts.

Nonetheless the Fiscal Budget outcomes has shown the deficit to have risen by K639.2 million to K2.992 billion equivalent to 7.3 percent of GDP compared to the original Budget, even though total expenditure and net lending was reduced by K551.7 million. The deficit rose significantly because total revenue and grants fell by K1.19 billion.

Mr Speaker, this may sound like a negative scenario but I would like to emphasize that 2014 was indeed one of our best years and a sound achievement given the poor global economic climate.

Mr Speaker, I can disclose to you today that the revised growth rate in 2014 for gross domestic product is an outstanding 13.3 percent. The best result since the early 1990's.

The rate has been progressively increased from the original Budget estimate of 8.4 percent in large part due to the early start of the PNG LNG Project.

Mr Speaker, in 2015 the economy is expected to grow by 11.3 percent, slightly lower than the 15.5 percent projected in the 2015 Budget.

This is due to the increased rate of gas production achieved in 2014 which has lowered growth in gas production expected this year.

Mr Speaker, after the drop in non-mining GDP revised from 1.4 percent to 1.2 percent in 2014, a turnaround in non-mining GDP is expected in 2015 with improvements in agriculture, forestry and fisheries.

Mr Speaker, the weakening National Government revenue is anticipated to reduce total revenue and grants by K1.3 billion this year. The second consecutive fall experienced by this Government. To date total expenditure and net lending has been maintained in line with the 2015 Budget.

Mr Speaker, we in Treasury have planned a Mini-Budget in the next couple of months to ensure that our Government continues to implement prudent and sustainable macro-economic management.

Mr Speaker, this is a very important task given the planned slowdown in Government expenditure anticipated under previous plans to return to a balanced Budget in 2017.

The earlier we implement some sensible belt-tightening the more assured we can be of good macro-economic outcomes not only in 2015 but in the subsequent years.

25/07

Mr Speaker, the 2015 Budget is set at a record level of K16.2 billion with a planned deficit of K2.3 billion, equivalent to 4.4 per cent of GDP. This is significantly lower than the 7.3 per cent in 2014.

The Government is exploring various ways of funding this deficit, including the raising of a Sovereign bond, especially since the Central Bank has warned that private sector appetite for further public debt has been waning during debt raising exercises in 2014. The Department of Treasury has also been tasked with executing the LNG equity sale to landowners by July 2015.

Fiscal consolidation in 2015 is necessary to ensure that PNG can adequately fund upcoming regional and national events including the 2015 Pacific Games, 2017 National Elections and the 2018 APEC Summit while maintaining macroeconomic stability.

In terms of the country's international trade, the country's current account balance swung into a surplus in 2014 due to LNG exports. It is expected to improve to around 14.4 per cent of GDP in 2015.

Mr Speaker, I have been advised by the Central Bank that preliminary balance of payments data for January and February have shown a significantly larger deficit than the same period last year. This was due to a deficit in the capital and financial account caused by a build-up in net foreign assets of the domestic banking system and foreign currency account balances of resident mineral companies.

The Bank of Papua New Guinea noted that while the balance of payment is relatively high at the beginning of the year. Some inflows after February stand to improve the payment situation. Among these inflows are their proceeds from the New Britain Palm Oil asset sale and mining taxes.

The gross foreign exchange reserves at the end of February 2015 was K5 587.1 million sufficient for 8.4 months of total imports and 12.8 months of non-mineral imports. The average kina exchange rate depreciated by 46 basis points to US\$0.3727 in the month to 28 April 2015 and by 39 basis points to AUD\$0.4835 against the Australian dollar.

Mr Speaker, significant improvements to the budget process occurred throughout 2014. A landmark shift took place with the 2015 Budget process with agencies no longer submitting separate budget submissions for development and recurrent funding and instead lodging a single integrated submission.

The transparency of the Budget papers was enhanced by publication of the revenue tables under the IMF's Government Fiscal Statistics Standard 2014. Significant progress was

achieved in developing the fiscal tables and the GFS chart of accounts with partial implementation expected in the 2016 Budget and full implementation in the 2017 Budget. A review of the budget process has identified a number of enhancements that will be implemented over a three year timeframe. Key recommendations include greater ministerial involvement early in the budget process in setting key sector investment targets and policy reforms priorities within fiscally responsible budget settings and the requirements of *The Fiscal Responsibility Act*.

Mr Speaker, the Treasury Department also progressed a number of significant economic reforms in 2014 to drive future growth. These included support for the Tax Review, the Competition Review, the Financial Sector Services Review and the Statistical Review. Reforms to support growth and investment through enhanced transparency and management of resource revenues were advanced through the Extractive Industries Transparency Initiative and Sovereign Wealth Fund arrangements. Passage of the Public Private Partnership legislation to drive more efficient infrastructure and service delivery was another significant reform achievement.

26/07

Progress on the PNG Taxation Review involved the completion of diagnostic reviews of tax and customs administration, the release of five issue papers and a significant level of stakeholder consultations, two regional workshops and attendance at an international tax symposium in Japan.

Agreement was given to extend the Tax Review for a further three months to the 31 July 2015. This was done to a number of internal and external factors including issues relating to the final composition of the committee, the broad remit of the review, and the higher than expected interest leading to a larger volume of consultations.

Work on the reforms to the National Statistics Office (NSO) was also progressed and included an Australian Bureau of Statistic and IMF/World Bank technical mission and development of a road map and multi-year action plan endorsed by the steering Committee. Work on improvements to the national accounts methodology was also undertaken.

The Department commenced the introduction of the new organisational structure to strengthen the strategic role of Treasury in the light of growing government revenues. This involves the establishment of four new divisions to enable a greater stakeholder engagement and strategic focus on specific elements of budgetary reforms, macroeconomic and microeconomic policy, monetary policy, fiscal literacy and inclusion, economic statistics

and the strengthening of the revenue area to ensure the funds required for PNG's development are raised in the most effective way possible.

Challenges Going Forward

Mr Speaker, whilst my Ministry has managed the PNG economy and progressed important budget initiatives and economic reforms, there are persisting short term and enduring challenges honourable Members of Parliament should be aware of.

The short term challenges include maintaining macroeconomic stability in face of the deteriorating international conditions and commodity prices. Maintaining fiscal discipline is critical but will not be easy.

It is highly likely that new priorities and emerging pressures can only be addressed through re-prioritisation of existing commitments. This needs to take into consideration the rapid growth in PNG's stock of debt and the limited capacity in the domestic banking system to fund the deficit. In addition, declining revenues will require much greater focus on tax reform and compliance and there will also be requirement to improve the productivity of spending across all areas, particularly for infrastructure projects.

In conclusion, Mr Speaker, there is no doubt that the nation has experienced admirable economic growth over the last 14 years. The O'Neill-Dion Government wants to build on the 14 consecutive years of economic growth. This will provide opportunities for our people to participate in economic activities and to improve their living standards.

Second, my Ministry wants a better and more accessible education system, better skilled workers and improved access to health services as a basis for a higher quality of life and a happy populace.

Third, the Ministry for Treasury wants improved infrastructure to provide better access to markets, health and education facilities; more reliable power, energy, water supplies and information technology at reduced costs.

Mr Speaker, all these would only be possible with improved law and order and a more conducive operating environment for businesses that would provide greater job opportunities around our country.

Mr Speaker, our Government is committed to ensuring there is prudent management of the economy, not only through the budget and macroeconomic challenges, but also through other reforms and policy initiatives.

Mr DON POLYE (Kanep) – I move –

That the Parliament take note of the paper.

Let me firstly say that, I support the Treasury and the Government on some of the initiatives that they have taken and the Opposition is of the similar view.

I think, we must support the Government to work together on this common grounds. In the report, the Treasurer highlights the Taxation Review that is ongoing which, the Opposition is supporting. It is a good initiative taken by the Government.

27/07

This should be completed to give us an overall scenario as to what the regime is like and I think that is a good step and I think it should be encouraged.

We also support the EITI that is the Extractive Industries Transparency Initiative that we have passed today, to making sure that with these amendments, when flaws come from the extractive industry, it is kept responsible in informing the people of PNG who own these resources and how much has been flowing into the budget. The Government also has a duty to inform the people as to how much money from that extractive industry is going into the budget and what projects was it intended for.

The Treasurer also mentioned the Sovereign Wealth Fund and we think that it is one single and very important structure that was established. As I have indicated earlier on, the structure is yet to be seen, but we support that in principle and hope that everything will go fine according to the San Diego principle.

The *Public-Private Partnership Act* that was passed by the Parliament and to establish an office here in Papua New Guinea will encourage the private sector to partner with the public sector in supporting the State's endeavours in providing service in PNG. It is a good initiative taken and we support that also. I think it's the one that should be driven.

The Treasurer also mentioned the National Statistics Office. Yesterday, we had a policy presented by the Minister for National Planning and those two things go together. The statistics are very important. We must know what actual figures we are talking about. I think that's a very important initiative and all the Ministers on the other side are probably moving in the right direction therefore, we support them and stand united in this position.

The Budget reforms, yes, I think integrating the Recurrent Budget and the Development Budget together is a good approach. It comes under one organisation, so there is coordination and that creates an efficient budget.

Let me also mention, the *Fiscal Responsibilities Act* that guides the State through the Government in keeping expenditure responsible within the fiscal framework. This is very important because if we don't do that, then as politicians, it is very tempting due to so much pressure put on us by our people to do things. The temptation is that we can end up doing things that are outside of the law, therefore this Act, is one that we should continue to abide by in managing the fiscal component of the economy.

The final Bill that we support is the financial reforms that is being done. We believe that in PNG, like we were experiencing now, if we have a strong financial market and if you build-up capital, especially cash in PNG, owned by Papua New Guinean billionaires and millionaires in the country, the funds are stored within the domestic economy are even easily draw down or a consonant can be put together to finance Government infrastructure. The problem the Treasurer mentioned in his report indicates that the Bank of PNG reported difficulty in raising bonds to Treasury Bills and inside stocks because of less financial capital build up in the country.

Mr Speaker, those are the initiatives that the Opposition supports and we would like to work together to see that we achieve that for the people of Papua New Guinea.

The others that I would like to show some concern on, is the delay in the Ministers handing down or at least presenting to this Parliament, a Supplementary Budget. We have the view that it should not be delayed because there is a serious scenario here.

We do not agree with some of the figures that the Treasurer presented in terms of debt build-up. We believe the debts in this country's messiest has gone beyond. There is a built-in of debt of K5 billion in the 2015 budget. I'll say, K2.5 billion is the funds that are raised to the landowners, the landowners are being sold as equity and there is also another K3 billion in the UBS loan. However, when we look at it, whether its parked under private entities or whether it's through the consolidated funds, it is still a build-up of debt against the State. Therefore, the quicker the more expedient the Government works in order to get the Supplementary Budget.

28/07

Therefore, the quicker and the Government works in order to get the Supplementary Budget to the Parliament is very important. Because you might end up spending money right now that is not budgeted.

It is through a report has indicated around ten and you've got K1.3 billion downturn of revenues through all those commodities, prices etc... then you might be spending money without budget approval.

The Supplementary Budget has to be the first priority for this Government and the Opposition is concerned that if the Supplementary Budget is being delayed and we believe, that the people might continue to see abuse of policies that the state has to put to this Government.

In fact we thought that the Supplementary Budget was ready for this Parliament session, where you tell the people what your actual debts and the expenditures are. The people will be informed of what areas, you are expending and what areas you are cutting, by way of a supplementary budget.

At the moment, everything is unclear and the other concern that the Opposition wishes to raise is the ambition of the Government to achieve balanced Budget in 2015 and 2016. How can you achieve a balanced Budget with such a massive debt build up? You just simply cannot.

The government should be more realistic in presenting the Supplementary Budget, which will showcase how you can achieve a balanced Budget in those two years. We believe that your expenditure is spiralling out of control without accountability, so we disagree in those terms.

We do not believe that you will achieve that balanced Budget for 2016. These are the views that we would like to raise and although this report is giving the reality of what is happening, we are happy that this is what the Opposition has said six months ago. We indicate that there would be K1.3 billion debt and you have just confirmed it.

We told you that there would be a downturn and you just said it. I always said that you should quickly move to manage and take control of the Budget and we mentioned this six months ago but now you are six months late and the country knew about it a long time before today.

What you have presented here is not new, people know what is happening in the global community. We know what the impacts are in this country and therefore, the

Government should have been more pro-active. The Government has been slack and this is a late report.

Mr Speaker, we will support some of those programs but not the Government's slackness in economic management. I think they lack prudence in this area and we would be doing a much better job, but we are now advising them.

Mr JOSEPH LELANG (Kandrian-Gloucesther) -Thank you Mr Speaker, I also want to join in this debate and I would like to talk about how our economy is performing domestically and globally. I think many of the Members and the Ministers would know this particular graph. We used to be shown a chart that would usually display three countries; Malaysia, PNG and Botswana.

What usually happens is that they show us the GDP per capita, which is total wealth of the country divided by the total population.

29/07

And in 1975 the three of them started on the same point and now PNG is running at the bottom going up and the other two have accelerated up exponentially.

I acknowledge the Treasurer in tabling that very good report there is a lot of concerns reporting what the state of the economy is and I think it is very timely for the leaders, the Parliament and the people of Papua New Guinea to know how the economy is, performing.

In 2010 the GDP per capita, the trend that I mentioned for these three countries, Malaysia is around \$US10 000, Botswana is around \$US7 000 to \$US8 000, PNG is around \$2 000 to \$3 000 per capita.

But, what is interesting is that the GDP per capita for Papua New Guinea started turning, started rising up from 2003 onwards and it went into an accelerated plan from 2009, 2010, 2011 and particularly 2012-2013, when the Government of O'Neill-Dion came into office.

That turn is now accelerating, the turning point in PNG's development is around 2003 and 2004 during the time when the International Commodity Prices were favourable.

Mr Speaker, I want to make this point very clear because sometimes we debate and we fail to understand and forget that we are actually progressing on an international scale.

Another interesting measure is the Gene Coin System, which measures how that income is actually distributed among the population of this country.

Why we see that Botswana accelerated right up to \$US7 000 to \$US8 000 per person, their Gene Coin System is around 68 per cent?

What it means is that when the income gets to 100 is unequally distributed meaning that only one person owns everything so, 68 per cent is a very high figure and that means that the income is not totally distributed.

In fact, according to the statistics of Botswana 20 per cent of the lowest income population only get 2.8 per cent of the entire world where as in Papua New Guinea our Gene Coin System is around 50 per cent and the lowest income earner of population of us get around 45 per cent, in other words, income here are is fairly distributed, at least relatively when we compare countries like Botswana.

So, sometimes when the GDP per capita is an indicator of development and how well off a country may be is misleading if we do not consider other statistic.

I want to make this point very clear that we are doing fine on an international level and with the turning point rising up and the fact that many of our citizens of this country are feeling the impact of the Government's policies on their lives.

Mr Speaker, in terms of the presentation of his report, indeed the oil prices are going down and I don't want us to accept that the oil price is falling because it can generate a very powerful force economically and politically as well.

I want to remind us all to think back to the 1980's, when the Berlin Wall collapsed in Germany that was the wall that separated East Germany from the USSR.

It collapsed because the oil prices fell from around \$US12 a barrel to \$US10 a barrel. The USSR was a major oil producer and it did not have the revenue at that time so it could not support it.

That is why the Berlin Wall collapsed and most of USSR became part of what we known as the Transitional Economy in Europe.

30/06

I am happy to hear what the Treasurer has mentioned. He mentioned keys words like the prudent management of the economy.

I am happy to hear that he is talking about fiscal consolidation, and getting our acts together and see how we can ride this out. Let us see how we can come up with appropriate decision, so that we can adjust our budget. Those are very important concepts and I think the report has captured some of that.

Mr Speaker, the prudency is guided by some of the laws and policy frameworks that this country has in place such as the *Fiscal Responsibility Act*, *The Central Banking Act*, *Financial Act 2000*, *The Treasury Bill Act 2000*, *The Policy Framework*, *The Medium Term Fiscal Framework*, *The Medium Term Strategy Framework*, and of course the new development policy framework that has been presented.

These are the guiding posts that should be guiding us in terms of how we manage our fiscal policy.

Mr Speaker, the money portion is with the Governor of Central Bank. He has been making a lot of contradictory statements. In fact, I don't even know what the monitoring policy is, which the Central Bank is pursuing. He is telling the Government to borrow. So borrow domestically. Then on the other side he is telling us to grow agriculture, and at the same time urging us to manage out fiscal policy prudently.

So, what is he talking about? In fact, he should be keeping to his own device and allow the Government to manage the departments which is the right fiscal agent of the government. We should be dealing with our own issues. We do not need his advice because he is confusing all of us.

Mr Speaker, I am also in support for consolidating our revenue. When is the Tax Review Committee going to complete the report because a lot of moneys have been paid out to these people? Our people need to know that we should start increasing our domestic savings and mobilize it. We cannot do that if the Committee is trapped with the responsibility. They must come out and tell us. So, this is very important.

We are looking at a total deficit of K16 billion. Our revenue is between K9 billion to K10 billion which is similar to our expenditure so we need to raise revenue. We should not depend only on the loans.

The issue of debt is not a issue really because the debt that we receive is used to build productive assets of this country which will repay itself.

My Speaker, while we are pursuing our objectives of maintaining overall micro-economic stability and both internal and external balances in the economy, we need to also consider undertaking specific micro-reform. We need to look at international competitiveness for some of our industries in the country.

I think, one of the areas that we have been considering is the issue of wages. There has been a lot of comments during the Minimum Wage Hearings which started in 1992, when the first meeting was held to set the first national minimum wage.

Mr Speaker, at that time and until recently, the private sectors have always complained about capacity to pay. If you look at the Annual Business Centre that is published by the National Statistic Office, the structure of the labour cost in this country is very clear.

About 90 per cent of Papua New Guineans are recruited in all the industries in the country but they only earn 6 per cent -

31/07

About 90 percent are being recruited but they only earn six percent of the entire wages bill of this industry where as these companies recruit about 7 to 8 percent of expatriate who consume about 90 percent of the total wages bill. If we want to talk about international competitiveness and they use up the wages, we have to seriously look at this. Who is really consuming all the money it's not Papua New Guineans. If they want reform they must establish training policies for Papua New Guineans to be fully trained so that they can take over from the expatriates, who are highly paid. These are some of the minor things but means a lot.

We also have to look at our foreign aid policy and I am happy to hear about the Minister's plan to introduce legislation to Parliament about the *Planning Act*. The issue about foreign aid is that it is one of those capital that we get through our official channels to help develop our economy. If we manage this foreign aid then all our priorities will be fine. Most of the time foreign aid goes to technical assistance and we really don't see it.

The other issue is on developing our financial markets, PNG economy can grow if we have a big financial market in depth. Right now our financial market is very shallow and not big enough. This will seriously affect the direct foreign investment into this country. Since Independence the only direct foreign investment in this country is in the natural resources rent seeking investment activity, it does not have mining or oil in it. We are not that attractive for other investment to come because of issues of skill labour and structural issues and so many other things which the O'Neill-Dion Government is addressing now for the first time in a serious way.

Mr Speaker, we are now recognised by the international community so we must be very serious not to play and waste a lot of our time.

Mr Speaker, we also need to consider agriculture and I commend the minister for Agriculture. He is on the right track and doing a fine job. He is considering to introduce strategies to reform food and food security in the country. These policies are good and I need to caution a bit on introducing quantities restrictions or banning of imports unless we have an

alternative in the country. Because when you start banning products from coming into the country, you are creating monopoly and they tend to set their own prices but they don't care about the quality of the food and they don't have interest at all. So if we introduce this ban on certain products coming into the country; what is the alternative arrangement? Are we going to create more industry for PNG on this particular product so that they create domestic competition and decrease the prices? The Government must come up with a set domestic pricing structure so that these goods must be sold on the set price. They will be the only one without competition.

What about the issue of regulation; most of these companies sells food which makes our kids grow very fast. This is a serious matter that we need to look at and see it right through the end and put the welfare of PNG first.

Motion (by **Mr James Marape**) agreed to –

That the Parliament take note of the paper and the debate be deferred to a later date.

Debate adjourned.

MOTION BY LEAVE

Mr JAMES MARAPE (Tari-Pori – Finance) – I ask leave of the Parliament to move a motion.

Leave granted.

SUSPENSION OF STANDING ORDERS – SWEARING-IN OF A NEW MEMBER (Mr ELIAS KAPAVORE)

Motion (by **Mr James Marape**) agreed to –

That so much of the *Standing Orders* be suspended as would prevent the swearing-in of a new Member for Pomio, **Mr Elias Kapavore**, forthwith.

32/07

RETURN TO WRITS

Mr SPEAKER – Honourable Members, I have to announce that I have received the Return to the Writ which His Excellency, The Governor-General issued on 12 March, 2015, for the by-election of a Member to serve for the Pomio Open Electorate, and that, by the endorsement on the writ it was certified that **Mr Elias Kapavore** was duly elected as the Member for Pomio Open Electorate.

DECLARATION OF OFFICE AND OF LOYALTY

The Honourable Member for Pomio Open Electorate. **Mr Elias Kapavore**, made and subscribed to the Declarations of Office and of Loyalty as required by the *Constitution*.

33/07

NEW MEMBER FOR POMIO OPEN ELECTORATE (MR ELIAS KAPAVORE) – STATEMENT BY THE SPEAKER

Mr SPEAKER – Honourable Members, I have to inform Parliament that His Excellency, the Governor-General issued a Writ for a By-Election for the Pomio Open Electorate dated 12 March 2015 and by the endorsement thereon, it was certified that Mr Elias Kapovore, was duly elected Member for Pomio Open Electorate. The Member was sworn in by His Excellency the Governor-General, at the Government House on the 02 June 2015 where he made his Declaration of Loyalty and Declaration of Office before His Excellency the Governor-General.

I congratulate the new Member for his election and welcome him to Parliament.

Mr PETER O'NEILL (Ialibu-Pangia Prime Minister) – Mr Speaker, let me also join you on behalf of all our Government Members and of course all the Members of this Parliament in congratulating the new Member and also congratulating the people of Pomio for having the confidence and trust in the new Member in electing him to this honourable Parliament.

Mr Speaker having travelled to Pomio a few time myself, I know it is one of the remotest districts in our country and of course, like everywhere else there has been a lack of Government services for an extended period of time.

That is why we welcome him here to this Parliament where I know he can work together with Government in making sure that we make a real difference to the lives of our people in Pomio Electorate.

I know that the honourable Member is very experienced public servant manager and he will do his people very proud in the role of the new Member for Pomio.

We look forward to working closely with him in this term.

Mr PATRICK PRUAITCH (Aitape-Lumi-Minister for Treasury) – Mr Speaker, I rise on behalf of the National Alliance Party, people of Aitape-Lumi and the people of West Sepik in taking this opportunity in congratulating and welcoming the new Member for Pomio Honourable Elias Kapavore. Mr Kapavore is not a new person to West Sepik people, he was the number one doctor in West Sepik Province. In fact it as a loss to our province to let him go to Pomio, but we hope that in his new role he will be able to continue to serve the people of the remotest part of the country.

Mr Speaker, it is a gain for Pomio and we look forward to working with the new Member to bring the desired services to the people of Pomio.

As the Prime Minister as indicated Pomio is a challenging like every other rural district it is a big challenge. Because there is no road access in that electorate the challenge electorate and for delivery of Government services is huge.

With Mr Kapavores experience he has demonstrated in West Sepik when he was in charge of our health programs he was able to travel extensively across the province and we have some of the remotes districts in this country like Telefomin, Lumi and Nuku and he was able to demonstrate that leadership in providing health programs in our province.

On behalf of the people of West Sepik we acknowledge the newly elected leader and we look forward to working with him in this term.

Mr SAM BASIL (Bulolo Deputy Opposition Leader) – On behalf of the Opposition Coalition, I would like to congratulate and welcome the newly elected honourable Member for Pomio, Honorable Elias Kapavore.

34/07

Mr Speaker, as legislators here we basically have about 22 or 20 months left before the end of this Parliament. Personally, I was involved in the By-Election and I walked starting from Sinivit to Melkoy and slept in some of the villages. It is a very tough electorate and I am sure that they have elected a good leader that will represent them in the remaining months of this Ninth Parliament. Once again on behalf of the Opposition coalition, we welcome him and are proud that he will be part of us.

Mr EREMAN TOBAINING Jnr (East New Britain) – On behalf of the people of East New Britain, especially the Pomio people, I would like to congratulate honourable Elias Kapavore for becoming the Member for Pomio. For the last so many months there was no one representing them and so the people of Pomio have missed out on a lot of basic services.

As the Governor of East New Britain and on behalf of the other Members of the province, I pledge my support and cooperation to work together with him in delivering services to the people of Pomio. Some of you leaders walked through that part of the province so you know how difficult that electorate is like and I thank you for that.

We will work together to deliver the basic services to the people of Pomio in this remaining 20 months of this Parliament.

Mr MALAKAI TABAR (Gazelle – Minister for Higher Education and, Research, Science and Technology) – On behalf of the people of Gazelle and East New Britain, I would like to congratulate, Honourable Elias Kapavore for being elected the Member for Pomio.

We believe your experience in the public service with the support of the other members of East New Britain, we will work together in delivering the basic services to the people of Pomio. Also we the Government with the Prime Minister will support you in your endeavour to bring the district up to expectation.

Mr JAMES MARAPE (Tari- Minister for Finance) – I would also like to welcome the honourable Elias Kapavore as the new Member for Pomio. We welcome you to Parliament and look forward to working with you.

ADJOURNMENT

Motion (by **Mr James Marape**) agreed to –

That the Parliament do now adjourn.

The Parliament adjourned at 1.30 p.m..