

FIFTH DAY

Tuesday 29 November 2022

DRAFT HANSARD

<u>Subject:</u>	<u>Page No:</u>
QUESTIONS	1
Morobe Golfield Small Scale Miners' Association petition	1
Supplementary Question – Mining Act.....	5
Portion 406-Kairuku Electorate	7
Construction of Baiyer to Madang Road	9
No Equipment for the Hospital	10
Health – Investigate Companies	11
MOTION BY LEAVE	14
SUSPENSION OF STANDING ORDERS – REARRANGEMENT OF BUSINESS	15
CIVIL AVIATION (AMENDMENT) BILL 2022	15
First Reading.....	15
Second Reading	15
Third Reading	18
MOTION BY LEAVE	24
SUSPENSION OF STANDING ORDERS – REARRANGEMENT OF BUSINESS	25
APPROPRIATION (GENERAL PUBLIC SERVICE EXPENDITURE 2023) BILL 2022; APPROPRIATION (NATIONAL PARLIAMENT 2023) BILL 2022; AND APPROPRIATION (JUDICIARY SERVICES 2023) BILL 2022	25
First Reading.....	25
Second Reading	25
NON-TAX REVENUE ADMINISTRATION BILL 2022	33
First Reading.....	33
Second Reading	33
CUSTOMS TARIFF (2023 BUDGET) (AMENDMENT) BILL 2022	34
First Reading.....	34
Second Reading	34
EXCISE TARIFF (2023 BUDGET) (AMENDMENT) BILL 2022	35
First Reading.....	35
Second Reading	35
INCOME TAX, DIVIDEND (WITHHOLDING) TAX AND INTEREST (WITHHOLDING) TAX RATES (2023 BUDGET) (AMENDMENT) BILL 2022	36
First Reading.....	36

Second Reading	36
INCOME TAX (SALARY AND WAGES TAX) (RATES)	37
(2023 BUDGET) (AMENDMENT) BILL 2022.....	37
First Reading.....	37
Second Reading	37
INCOME TAX (2023 BUDGET) (AMENDMENT) BILL 2023	37
First Reading.....	37
Second Reading	37
CUSTOMS TARIFF (2023 BUDGET) (AMENDMENT) BILL 2022	38
First Reading.....	38
Second Reading	38
NOMINATION OF THE GOVERNOR-GENERAL – STATEMENT BY THE SPEAKER	39
ADJOURNMENT	41

FIFTH DAY

Tuesday 29 November 2022

The Speaker, (**Mr Job Pomat**) took the Chair at 10 a.m.

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

Sitting suspended.

The Assistant Speaker, (**Mr Johnson Wapunai**) took the Chair at 10.55 a.m, and invited the Member for Menyamya, **Honourable Solen Loifa** to say Prayers.

‘Our Gracious, loving, Creator God, we thank you for the gift of life and for giving us the opportunity to lead your people in this great country. We thank you for bringing us safely to this great House, and Lord, as we represent your people on this Floor, we ask for your wisdom to be in the midst of us.

Lord we pray and we commit our chairman of this House to you. We pray and we commit our Prime Minister, our Deputy Prime Minister, our Opposition Leader and all the honourable members into your hand this morning. May you lead us, as we talk about the issues of our people in this great House. And Lord, as we stand united to lead your people, we pray and ask you to lead us. As we leaders combined together, we ask you to lead us as we participate in this great prayer that you have taught us, your servants. Amen.’

QUESTIONS

Morobe Golfield Small Scale Miners’ Association petition

Mr MARSH NARAWEC – Thank you Mr Assistant Speaker, for recognising the people of Wau-Waria this morning. My questions are directed to the Minister for Mining, Honourable Ano Pala, and I wish for him to answer them. My questions are very important, so allow me to give a background to these questions.

Mr Assistant Speaker, my office was presented with a petition by the Morobe Golfield Small Scale Miners’ Association comprising of mining leases and alluvial mining leaseholders from the districts of Bulolo and Wau-Waria.

Mr Assistant Speaker, this petition was also addressed to the good Minister, the Member for Bulolo, Honourable Sam Basil Jr, the Governor of Morobe, Honourable Luther Wenge, the Managing Director of MRA, and the head of Department for Mining.

Mr Assistant Speaker, from my pursuance of the petition, it is alleged that there was an abuse of exploration licenses by the holders in the Wau-Waria and Bulolo areas. These abuses are perpetrated because of a legal leeway that is given to the exploration license holders.

Almost 80 per cent of our small-scale miners in Wau-Waria and Bulolo districts are unable to apply or renew their mining leases, because under the *Act*, the exploration license holder has the power to object to these applications.

Thus, the small-scale mining applicants for leases are forced to come to terms with the exploration license holder or lose out

02/05

Mr Assistant Speaker, according to the petition small miners in Wau-Bulolo generate close to K300 to K400 million annually. In total, we are looking at over K1 billion generated annually from the alluvial mining industry in this country.

Mr Assistance Speaker, the petition raises five main contentions and they are as follows:

(1) The current explorations licence holders are not undertaking exploration activities as prescribed, and have failed to meet the approved programs but they have allowed the exploration license for longer periods than the two years prescribed by the law.

(2) The exploration license holders in the name of exploration, are going out and beyond the areas covered by the exploration license and collecting samples. The exploration license holders are going into wildlife management area that they may not be covered by the exploration license.

(3) The current exploration licence holders have held the exploration licence for very long period of time with or without renewal. Whichever the case it may be, but it appears that the exploration license holders are using the exploration license to mine, buy and sell gold because the exploration license holders have the power to object to an application for renewal or application for a renewal of an alluvial mining lease. The exploration license holders are taking full advantage and pressuring the local alluvial miners to sell their golds to them. The exploration license holders are forcing alluvial applicants to pay K500 and agree to sell gold to them. That was one of the issues raised in the petition.

(4) The warden errands for exploration license are not held in the central areas.

(5) Finally, it is believed that exploration license holders are not providing exploration reports to MRA within the given tenement period.

Mr Assistant Speaker, my questions to the good Minister are as follows:

(1) Why do we keep renewing exploration licence for some entities who are not and are consistently failing to comply with the licence conditions since the first two years of its rent?

(2) Could the existing exploration licence covering the areas of Mount Kaindi, Wau-Waria and Bulolo districts be reviewed and if warranted, relinquish and further not granted over these areas where local small-scale miners are intensely working and surviving as a grant of exploring licence will affect them?

(3) Can the Minister stop granting any new exploration licence to areas of Mount Kaindi, Wau-Bulolo Vally and other areas in Wau-Waria and Bulolo districts where local small-scale miners are intensely booming, working and surviving as the grant of exploration license will affect them?

(4) I want to bring to your attention that they had extracted all the golds in Wau-Waria and Bulolo since 1920s and there's nothing left. Can the Minister put a stop to all the explorations and leave it for our people to mine these areas?

(5) Can the good Minister advise this House what is the status of the alluvial mining policy?

(6) Could the Minister also advise this House when is he planning to bring the *Mining Act* reviewed to this Floor of Parliament because the people of Wau-Waria and Bulolo wish to contribute to make some changes to this *Mining Act*?

Thank you.

03/05

Mr ANO PALA – Thank you, Mr Assistant Speaker. Thank you to the Member for Wau Waria for these very long complex and very substantive questions.

Mr Assistant Speaker, I want to thank the Member for these questions and also for giving me a copy of the questions before asking them. So I'm a little bit prepared to answer his questions and I want to thank him for giving me the opportunity to at least prepare myself to answer the questions because not only your people are listening, but the nation is also listening.

Mr Assistant Speaker, in relation to the member's first question, unless, the claims can be substantiated, granting of tenements compliance are strictly monitored by MRA. Renewal of a tenement follows strict compliance checks by MRA and then cross examined by MAC

before recommendations are made to the Minister. The MRA would undertake independent due diligence should observations by people on the ground is contrary to the license holders.

Mr Assistant Speaker, MRA is one of those organizations where the systems work very well. And I am really privileged to be part of and be the minister for that organization, I'm comfortable with what they are doing and with the advice they are providing me.

Mr Assistant Speaker, in relation to the second question; The current Act provides sufficiently for co-existence of alluvial mining licenses and exploration licenses. Alluvial mining licenses can exist within an EL and vice versa. Mining licenses for alluvial mining purposes can also co-exist with ELs provided under *Section 38* is adhered to as explained previously. *Sections 38* of the *Act* is intentional, as it protects the rights of the EL holder applying for and developing mineral resources within the EL it holds. As it would have spent considerable amount of money exploring and identifying resource deposits within the area. It is understood some exploration and mining companies, due to their corporate policies are reluctant to engage in mining licenses to for alluvial purposes as provided for under *Section 38*. This may be an issue which the regulator should look into and may address through legislative changes.

Mr Assistant Speaker, in relation to the third question; Similar answers as provided for question 2. Besides the option of reserving a tenement grant, tenement grant is provided for under *Section 7* of the *Act*, the Mining Minister can seek legal advice on whether *Section 7* reservations can be utilized here to address the request.

04/05

Mr Assistant Speaker, the alluvial mining policy was introduced in the last Parliament and was launched during the 2021 Alluvial Mining Conference in Lae. It is now applicable throughout PNG.

The Department of Mineral Policy and Geo Hazards Management has been doing awareness throughout the country on the Alluvial Mining Policy, particularly in areas where the alluvial mining activities are prevalent.

The most recent awareness was done just last week from the 21st to the 25th of November in Bulolo, Morobe Province, where a large number of alluvial miners are congregated. It is an ongoing exercise.

One of the key factors in the Alluvial Mining Policy is that; alluvial mining is now a reserved activity for Papua New Guineans only. All foreigners are barred from undertaking

any alluvial mining activity in PNG. Only Papua New Guinean citizens can venture into business of alluvial mining and the export of alluvial gold out of Papua New Guinea.

Mr Assistant Speaker, let me remind you of the Prime Minister's inaugural speech after his election in this Parliament. He sounded out a reminder to the mining, oil, and gas sector that there will be a new regulatory regime in 2025 on the PNG's fiftieth anniversary.

In the meantime, few necessary changes were recently introduced. One of which now makes it compulsory for all mines in PNG to transmit life data in real time from the point of extraction and at the point of shipment to the central hub.

For the very first term, this gives greater visibility to the State to assess and value the exploitation of its mineral resources. This is an example of the many good initiatives that have been captured in the revised mining bill, that will come before Parliament soon. I will call upon both sides of the House to support the revised mining bill in the national interest.

Thank you, very much.

Supplementary Question

Mining Act

Mr LUTHER WENGE – Mr Assistant Speaker, I thank you, for giving me the opportunity to ask supplementary questions to the Minister for Mining. You are a lawyer by profession like me.

Mr Assistant Speaker, *Section 5 of the Mining Act* gives exclusive ownership of minerals in this country to the State. Equally, so *Section 6 of the Oil and Gas Act* gives 100 per cent ownership to the State.

Now, by the custom of Papua New Guinea, everything underneath and on the land, inside and on waters, all those things whether I know it or not, by customary law, I own them, but that Section 5 deprives this right.

I'm sure we have same customs throughout Papua New Guinea and customs are *Constitutional Laws* accepted by Section 9 of the *Constitution*. Customary law is a law of this country.

Mr Minister, I want to ask you whether there is any plan to make sure that you proposed amendment to *Section 5 of the Mining Act*. Because if you don't change that section there is a complete deprivation of the traditional people owning everything on the land including the minerals of what kind and forms.

05/05

Mr Minister, is there any proposal to amend *Section 5*, because if you do not do, we will advance to the Supreme Court reference on this point because it is a breach of our constitutional right, particularly our customary land rights?

Mr ANO PALA - Thank you, Mr Assistant Speaker, this a very important political as well as a constitutional issue. We can discuss the political issue round and round until we are confused. The legal issues are also intertwining with the political issues so, I am in this position where it is difficult for me to answer. As you know members on the Floor of this Parliament are not supposed to express a legal opinion. We leave it to the hands of the State Solicitor, or the legal opinion provided from outside, I am not in a position to express a legal opinion.

Luther Wenge – Point of Order! With due respect to the Honourable Minister, I am just proposing if there is any policy or attempt to amend that section to accommodate the customary interest, particularly the ownership of the land and minerals in this country.

This is a very simple question, I don't need 20 answers for this.

Mr ASSISTANT SPEAKER – Minister for Mining.

Mr ANO PALA – Mr Assistant Speaker, at this stage there is no proposal before me to move in that direction. I will leave it at that until I get a clear direction on that issue, we just leave it there and see what comes before us. Perhaps a directive from the Prime Minister, will set the direction

Mr Kerenge Kua – Point of Order! My point of Order is this; this question has already been resolved and I am not proposing to give any legal advice but I want to state it as an existing fact, to distinguish from law; which is this, there was an amendment passed in 2013 to the Constitution that all minerals and petroleum in this country belong to the State. That is probably the point that is alluded to by both of my friends, so I am stating this as a matter of fact that the law has already being amended and it is in the *Constitution*. You need to look into that and take it on from there.

Mr ASSISTANT SPEAKER Minister for Mining and the Deputy Opposition Leader, we have gone beyond the question time. If you have any issues that you need to discuss we can sort it out but otherwise the question time has lapsed.

Mr Douglas Tomuriesa – Point of Order! Last week there was a precedent set, where there was a question raised; the Minister responsible did not answer, so another Minister wanted to respond but the Chair did not allow. Today, the Mining Minister has made a response and you allowed another Minister to make explanation, under the *Standing Orders* that is incorrect.

Mr ASSISTANT SPEAKER – Thank you, Deputy Opposition Leader. Your Point is out of order! You can settle that outside. Do we have any new questions?

Portion 406-Kairuku Electorate

Mr PETER ISOAIMO – My question is directed to the Minister for Lands and Deputy Prime Minister, unfortunately he is out of the country on duty travel, so I will perhaps direct it to the Prime Minister.

06/05

My question relates to the land portion 406 which is also known as the Gabadi Plain in Kairuku electorate. This is now obviously state land after the state paid a hefty sum of K46.6 million for this portion of land from the previous title holder.

My questions are:

(1) What is the position of the Government pertaining to this land area? As it is now Government policy now encouraging all 22 provinces and the districts to go into establishing the districts to establish mini economies to make up the national economy of the country

(2) Is the Government willing to give back this land either to the Kairuku DDA or its business arms or the Central Provincial Government and its business arms for agriculture development?

Thank you, Mr Assistant Speaker.

Mr JAMES MARAPE – Thank you, Mr Assistant Speaker, and I thank the Member for Kairuku for these questions on the state land in his electorate, in Central Province.

Mr Assistant Speaker, state land throughout the country falls within the three per cent that is for state use. Kairuku District or Central Province is at the sub-national government level. If they have a land use proposal, they can come to us and I do not see it as any offense for us not to pass the State land, whether it is that land in question or any other land in Kairuku District or Central or any other district or province for that matter.

The portion of land that he is referring to, the Government was planning to relocate the military base into that area freeing up Murray Barracks and Taurama but that is something that we will need to organise.

In fact, I had the privileged of meeting the Governor for Central and we were discussing the Central Provincial plans and so some of these conversations will be done in totality and we look at what could be relocated into the Central Province to lift the burden and pressure off the National Capital on some key important government institutions, not necessarily the Defense Force. This will include our focus on expanding large-scale agriculture, tourism, and other economic activities

Mr Assistant Speaker, certainly if the Kairuku District Development Authority, think that they can do something with the State land then they can come to us. As you know the earlier transaction happened between a state department or agency of a state-owned enterprise and a company that had secured a lease over that land which the Department of Lands facilitated.

That happened earlier but the land still remains as state land; that portion of land and any other land that falls within that three per cent. If any government agencies have plans to develop this, we certainly at the National Department of Lands will give you. And those from the Central Government and the National Government will not stand in the way of proper proposals or land use taking place for this limited land we have right throughout the country.

In the Budget, that will be presented later today will have an allocation for land expansion. I think it is about time to expand land from three per cent to four or five per cent or do a leaseback arrangement with our traditional title-holders in a proper manner to unbundle the potentials we have in our country. for the first time, we are looking at Lands in a serious manner as a government for this three per cent land we have right across our country including that parcel of land in the Kairuku electorate.

07/05

If the Member or the Governor of the Province has plans for the land then we are certainly open to look at and work in partnership with them to probably pass back to them if the National Government has no utility for the land.

Construction of Baiyer to Madang Road

Mr JACOB KOP MAKI – Thank you Mr Assistant Speaker for recognising the people of Mul-Baiyer. It's my first time to stand here to ask a question.

On behalf of my people, firstly, I want to thank the Prime Minister of this country, Honourable James Marape, Deputy Prime Minister and all the Ministers, Opposition Leader and all the Members of Parliament.

Before I ask my question, I want to thank my people of Mul-Baiyer and Lumusa for electing me to this Floor of the 11th Parliament of Papua New Guinea. I just want to ask one question which was asked previously on this Floor but I want to ask again for review purposes.

Mul-Baiyer has a big land mass which can cater for agricultural lease because it's a fertile land for which the Government is aware of.

With that I want to thank the Government for introducing this program of 'Connect PNG' for which I based my campaign on this program and won the election.

Mr ASSISTANT SPEAKER – Which Minister are you directing your question to?

Mr JACOB KOP MAKI – I will explain first before the concern Minister can answer my question.

Mr ASSISTANT SPEAKER – Honourable Member, you have to indicate which Minister you are directing the question to.

Mr JACOB KOP MAKI – I want to direct my question to the Minister for Defense, and it's in relation to the road link between Baiyer and Madang. I am aware that feasibility studies have already been done starting from Soguram, Ramu River and Baiyer.

The people of Mul-Baiyer, Lumusa and Madang want to know the latest progress of this road link constructed by the engineering team of Defense Force.

Because the Minister for Works and Highway has already included that major road link in the program 'Connect PNG', I want the Department of Defence and your ministry to liaise and come up with an agreement on this major project and tabling it on this Floor for the people of Mul-Baiyer, Lumusa, Madang, Middle Ramu and Jimi and the other linkage Provinces.

I am aware of a written submission by the Minister for Works and Highway.

Have you both discussed this submission or not yet?

Mr WIN DAKI – Thank you Mr Assistant Speaker, morning to you all. I thank the Member for Mul-Baiyer for his good question. Firstly, I want to thank the people of Mul-Baiyer for electing you for the first time. And I too want to thank the people of Tambul Nebilyer for electing me the second time to this Parliament.

Mr Assistant Speaker, in relation to the Baiyer to Madang Road the negotiations started in 2008 and the scope of work was done in 2014 and 2016 to 2018. The National Government has allocated K10 million for Baiyer to Simbai and Haiyong.

08/05

Last year 30 September, I flew to Baiyer, then to Simbai, then to Aiom station, where Defense construction machinery and trucks that they are using are located. This is not a road, and many people in the country are misled to think that this is a road but the Defense are doing a pilot track with this K10 million. From 2014 to 2016 we did the scope there and from 2016 to 2019 we made 108 kilometers of pilot track, and for the next 38 kilometers, we worked on the road. For two years we used K10 million to work on the Pilot track that goes all the way to Madang. We are now at Aiom.

Mr Assistant Speaker, I want to inform the Government that the people really need these roads because they always walk so many kilometers into Aiom, and then get on boats from Ramu River all the way to Middle Ramu. I also want the Minister for Education to take note as this is where the people struggle.

Yes, the Minister for Works and Implementation wrote a letter to me asking to take over this road work but I personally went to Aiom, Simbai, and down to Madang. I realized that the Government had only given K10 million out of the K88 million allocated for this road. If the Government gives us the outstanding payment of K78 million, we will complete this road. I am not just talking here in Parliament, I have gone to Aiom, Simbai, Madang and Baiyer on the 30 of September. I am ready to work but I want the Government to give me the funds.

Members, for Mul-Baiyer, Middle-Ramu, and Madang I support your grievances, I am here for you but I want the funds to get this job done.

Thank you, Mr Assistant Speaker.

No Equipment for the Hospital

Dr BILLY JOSEPH – Thank you, Mr Assistant Speaker, for giving me time to ask my question, and my question is directed to the Minister for Health.

Nipa-Kutubu, has one of the best hospitals which was built in 2014 and was handed over to the Government. In December 2020, the Provincial Government awarded a contract to a company named Green TeleMed to set up and equip this hospital and as we all know, the district hospitals are level-four hospitals. But, to this date, the hospital has not received any medical equipment so I have decided to do some investigations about the Green TeleMed Company and where all the funds went to. I checked with IPA and there are only two employees employed and it is 100 per cent owned by a Company called Green Limited, which is solely owned by a man named Bernard George.

09/05

The money he got was K4 million. I have also found out, that this company was registered as a local company. We have the *National Procurement Act 2018*, that states that any contract below K10 million must be given to a local PNG contractor.

It appears that this company belonging to a foreigner was registered as a local company to bypass our NPC laws, and he has not delivered on the contract. I checked the PHA CEO in my province and told him to give me a copy of the contract so that I can check if this contractor has delivered what's in the contract.

Mr ASSISTANT SPEAKER – Honourable Member for Nipa/Kutubu, the *Standing Orders* prohibits you from stating a person's name and making references to them. I will ask you to withdraw the names you have already mentioned before asking your questions to the Minister for Health.

Health – Investigate Companies

Dr BILLY JOSEPH – Thank you, Mr Assistant Speaker. I withdraw the names that I have already called as per the *Standing Orders*. If it is okay with you, I want to continue.

When I checked with the NDoH, this company is on its approved list. So my questions are:

(1) How does a dodgy-company like that gets its name as an approved NDoH vendor?

There has been a lot of issues of corruption in the Department of Health procurement and I believe this dodgy-person has gotten his company listed on the NDoH approved list. The district hospital in my electorate is the victim of what is happening in the NDoH.

(2) Can the Minister go and check with his department?

I have also checked on the FTI Report, 95 per cent of the vendors in the NDoH are foreigners.

(3) How does that happen?

This Government wants to take back PNG.

(4) How do we take back PNG if 95 to 100 per cent in all the SOEs departments of this country are foreign companies?

Most of them are not delivering to our people.

(5) Can the Minister check the PHA and get this company to deliver my K4 million worth of medical equipment for Nipa District hospital?

Thank you, Mr Assistant Speaker.

Dr LINO TOM – Thank you, Mr Assistant Speaker. I thank the good Member for Nipa/Kutubu, Honourable Dr Billy Joseph, for asking these questions.

The requirements that was used to enlist the approved companies to supply medical equipments' and medicines for the Department of Health is something that I am looking into. In my 100-days plan, I have started looking into the capability and capacities of these companies.

One thing we have to understand is, many things that are happening in the Department of Health includes a lot of people. We have a PAC Report that was tabled already. In that report, there are recommendations and actions that the departments have taken. I have asked for it to be presented.

10/05

The Department will do a report and I will present it before this House the recommendations made by PAC and those ones that have been ticked off already.

As we know, there's a lot of legacy issues and it's quite difficult to come down and pinpoint anyone and anything for that matter. It's a difficult process but we will get there.

I want to assure the good Member for Nipa-Kutubu that the company he mentioned and the personalities involved, I will get back to him in writing. I will ask the Department of Health to look into this matter and if the equipment have been procured already, we will provide a report. If they have not been procured, we will hold the company accountable.

Let me just say that the Health Department is quite a big department because it encompasses a lot of things. When it comes to procurement, it is quite difficult when we have one National Procurement Commission that deals with all matters that are coming from

everyone in all other government departments so to speak. So, priorities are not necessarily given to health contracts and procurements. One of the things in the wisdom of the good Prime Minister is, we have asked him to raise the threshold for the National Health Department so that they have their own procurement commission to make things easy.

In that committee, we hope to put in some international development partners in order to provide accountability and transparency so that we don't have the same issues again.

It seems that there's a lot of similar issues of that nature being addressed at the Department of Health so I want to assure the good Member for Nipa/Kutubu that I will talk to our officers to get to the bottom of this and provide a report to you and try to hold that company accountable so that if it hasn't provided that medical equipment as yet, we will ask it to do so or we will take necessary prosecution measures to address this issue.

Thank you.

Mr CASMIRO AIA – Thank you, Mr Assistant Speaker. This is my first time to stand in this great House. On behalf of my people of Goilala, I want to congratulate the Prime Minister and his deputy. I also want to congratulate the Opposition leader and his deputy and all esteemed governors, ministers and honourable Members of this 11th Parliament for their elections.

My question is directed to the Minister for Transport and Civil Aviation and Minister for Works and Highway can take note.

My good Minister, I am aware that the government has rolled out a program called CADIP and I understand that phase one has been completed and it's in phase two. I also understand that Tapini airstrip was captured in this program. By way of background, my people heavily depend on both fixed-wing and router air crafts. I speak, my people depend on these light aircrafts which are operating on air dock. Sometimes, when the aircrafts go to workshop, it disrupts the flights for the people of Goilala to travel to Port Moresby and this frustrates them.

While we are trying to build roads into the district, I also want the Government to fund the construction of our roads.

If other airstrips captured in the Government's CADIP Program are being implemented in other parts of the country, what is the latest status of Tapini Airstrip?

Thank you.

Mr WALTER SCHNAUBELT – Thank you, Assistant Speaker. I want to thank the Member for Goilala for his question. Regarding the CADIP 1, it's completed we have one or two more airports yet to be opened and we are going to start focusing on CADIP 2. On CADIP 2, the funding component is not as big as CADIP 1. It's specifically focusing on some of the airstrips but more infrastructures are being done within the aviation industry.

In relation to Tapini Airstrip in Goilala District being part of CADIP 2, maybe it is categorised under the rural airstrip category.

11/05

Under CADIP 2, there is component for rural airstrip, about four, they haven't been identified yet. We're waiting for the agreement to sign and we're hoping that before Christmas this year it will be signed and then come back to the appropriate authorities now to ascertain which rural airstrip we will identify for the funding that's been given for the specific airstrips or that component

So, member I would like to reassure you as well as other members here who have registered their interests, I'm happy to engage with you all to identify which four airstrips can be put in under CADIP 2. Our discussions will guide us forward, and we will focus on what districts needs to be prioritized first. That's my answer to you my good member

Mr ASSISTANT SPEAKER – Honorable members our question time has lapsed.

MOTION BY LEAVE

Mr SOLAN MIRISIM (Telefomin – Minister for Works and Highway) – I ask leave of Parliament to move a motion without notice

Leave granted.

**SUSPENSION OF STANDING ORDERS –
REARRANGEMENT OF BUSINESS**

Motion (by **Mr Solan Mirisim**) agreed to –

That so much of the Standing Orders be suspended as would prevent the Minister for Transport and Civil Aviation in presenting the *Civil Aviation (Amendment) Bill 2022*, being called on forthwith.

**CIVIL AVIATION (AMENDMENT)
BILL 2022**

First Reading

Bill presented by **Mr Walter Schnaubelt** and read a first time.

Second Reading

Leave granted to move the second reading forthwith.

Mr WALTER SCHNAUBELT (Namatanai – Minister for Transport and Civil Aviation) – I move –

That the Bill be now read a second time.

Mr Assistant Speaker, the proposed Bill is to include new provisions pertaining to the absence, resignation, vacation of the office by Directors and the appointment of the Managing Director and the appointment of the Acting Managing Director of the Papua New Guinea Air Services Limited and National Airport Corporation Limited boards respectively.

The Papua New Guinea Air Services Limited and National Airport Corporations Limited are entities of the State established under the Act and incorporated under the *Companies Act 1997* respectively.

The Government must make certain there are appropriate mechanisms in place to ensure entities within the Civil Aviation system remain compliant with aviation safety and security standards

Mr Assistant Speaker, I commend the Bill to the Parliament

12/05

Mr DOUGLAS TOMURIESA (Kiriwina-Goodenough) –Thank you, Mr Assistant Speaker, first of all from the Opposition, we want to support this Bill but there are certain questions that needs to be clarified first, before we can be satisfied and happy to support this Bill.

Mr Assistant Speaker, the Minister has basically asked for Parliament to move and accept it to become law for the appointment of Chairman, board members of NAC and the Managing Director.

We all know that boards have powers and, in this Bill, we have withdrawn all the powers from the boards and we are transferring these powers to the Minister. We are now setting a very dangerous precedence. Mr Assistant Speaker, politicians are now coming into the operations of the board members.

Mr Assistant Speaker, the question here is that the chairman is appointed by the board and informs the Minister, then the Minister will inform the Cabinet through the Prime Minister that a chairman has now being appointed.

We are now dealing with the chairman and boards members as well. The directors now have to report direct to the Minister that they will not attend meeting because they are sick. Everything will go the Minister; where is the role of the chairman of the board?

Mr Assistant Speaker, the Chairman is left without any power because everybody in the boards reports direct to the Minister. The responsibility of the board is now taken away from the chairman. All the decisions will be made directly to the Minister and where is the board here?

The other thing, Mr Assistant Speaker; recently the Minister said NAC was created through a *Companies Act*. If NAC was created and registered as a company under the *Companies Act*, hence the appointment of the MD is by the board not the public service. We must respect that there is a *Company Act* that gives power for the creation of NAC and now we are setting a dangerous trend here in this House.

We as members of Parliament must respect the operations of NAC under the *Companies Act*. If we want to change NAC, we must first remove it from the *Company Act* and bring it under to the watchful eyes of the government.

That amendment must be done first, we must not take shortcuts and do other things first. We must respect processes Parliament is not here to jump over and disrespectfully walk over our citizens. The laws are created by this Parliament to be respected.

With this remark, we in the Opposition believe that it is a dangerous trend. We are setting a wrong precedence. We must respect the process of appointment and board members. We might influence other board members in other organisations to follow suit.

13/05

We in the Opposition bench respect the process; NAC is created under the company's Act and that must be observed.

Mr WALTER SCHNAUBELT (Namatanai- Minister for Civil Aviation) – I wish to just make a few corrections in relation to what the Deputy Opposition Leader is saying. I believe he is not fully aware of the procedure and the Act. The chairman is not appointed by the board as per the current set up. As per the law right now, the NEC appoints the board and the chairman. What we have to do here; if you were to clearly view the Act, it does not give absolute power. We need to work in confinement with this and if those clauses that are stipulated within the amendment are not followed then that is illegal.

The Act does not give absolute power, it only gives a jurisdiction to the Minister to intervene at a time like now when public safety and security is at risk. That is more important than anything else right now. As I have already mentioned, what we have done does not give absolute power. The Minister now has to work within the confinements of the clauses and is bound by those clauses only.

I want to therefore, reassure the opposition that there should not be a lot of worrying on this, as they are just minor amendments to give jurisdiction to the Minister to be able to address an ongoing situation that could be detrimental to this country. Under this law, the Minister does not have the right to appoint or fire the MD, it is for the board to do.

But what happens when the board is compromised? I have used the company Act as a shareholder and I have written to the board and have requested them to address the issue. We have an issue where a person in the position of MD is not the fit and proper person and we also have another issue of a Court order that has put a Stay Order on the NEC decision to install a new board and that is the situation right now.

We cannot rectify the situation right now with the current circumstance or the current law. This has allowed the Minister to intervene but this is no different to the other government statutory bodies. NEC appoints the MD and the board. All we are trying to do now with this Act is to align it with what we already have. So, simply put again the Minister will work within

the confinements of the law and carry out his duties accordingly as expected by the nation and everyone in this House.

14/05

Motion – That the question be put – agreed to.

Motion – That the Bill be now read a second time – agreed to.

Bill read a second time.

Third Reading

Leave granted to move the third reading forthwith

Motion (by **Mr Walter Schnaubelt**) proposed –

That the Bill be now read a third time

Mr LUTHER WENGE (Morobe) – Thank you, Mr Assistant Speaker. I support the Bill presented by the Minister today. But I am also mindful of the debate from the Opposition. There is a big controversy going around in this country that we are all aware of. Some of the purported behavior of the Managing Director has caused the suspension of a lot of flights to Nadzab and Kiunga. This has affected a lot of businesses in this country. A lot of business owners are travelling between Lae and Port Moresby every day. The business of managing the airports and aircrafts is beyond just one person.

So I appreciate the Minister for presenting this Bill as I understand that he is enduring to solve this problem. But I want to raise this concern in Parliament that we should not suspend the operations of our aircrafts. We must never. Whoever is appointed as the Chief Executive Officer of NAC must be very considerate and be a person of integrity. This is an important means of transportation throughout this country. This controversy has caused a lot of inconvenience.

Morobe is a big province and I have to travel to and fro. I travel to Port Moresby every week because all the government departments are based here. They are not located in Lae and I also have to come here to speak with the Prime Minister and ministers, departmental heads and so forth.

So, if you should cut down the operation by putting a stop this is affected. I want to inform you that whatever action that is taken, you must be in serious consideration of the operations surrounding air transport and the movement of people and the development of this country. This is very important.

So, Mr Minister, I can see that you are trying to make sure that this problem is rectified and, on that basis, I support you. But have due considerations to the point that the Opposition Leader is raising.

15/04

We don't try to establish a precedence that will affect other boards which are established by an *Act of Parliament*. We don't try to come up with an Amendment which will jeopardise or lay down the precedence for other people to use to make Amendments to the detriment of the operation of these departments. And the Opposition concern is indeed genuine.

Mr Assistant Speaker, I want to stress on the author of the bill, the Minister that whatever Amendment that we endeavor to, have it passed through this Parliament must not serve private interest. Minister, I am not referring this to you but generally make sure that it doesn't serve the interest of whoever is trying to make a decision. Instead, it must serve the interest of this country and its paramount.

And that's why I hope that you have a genuine mind and heart to have this matter sorted out. I don't want a blockage whereby if a plane wants to take off and somebody decides to drive a bulldozer and block the run way, it's totally unacceptable and an attempt was made and I heard that when I was back home.

These people don't have respect for their country. Every leader must respect the country and, in this manner, all our operations will run smoothly and services delivered. All the air, sea and road transport must operate smoothly without disturbances for the general public.

Mr Assistant Speaker, I support the Minister but it must have no other motives except for the interest of this country, this Bill must be supported without any reservations.

Mr JAMES MARAPE (Tari-Pori – Prime Minister and Minister for Planning) – Thank you, Mr Assistant Speaker for giving me this opportunity to debate in support of the Amendment presented by the Minister for Transport and Civil Aviation, for repealing PNG Air Services Limited and new Sky Pacific Limited, these two companies are State Agencies which operate under the *Companies Act*.

However, this Amendment falls in line with the guidelines and regulations of the regulatory statutory of the country to change some of the regulations of the reporting structure of the company.

What happened recently and the Minister for Transport and Civil Aviation has experienced from the two companies in civil aviation sector. We also have other State Agencies which are operated under other State Agencies and State-owned Enterprises.

The Government have been considering the reporting structure and ultimately these are State Agencies. And the place for their residual accountability comes back to the National Parliament. We witnessed that sometimes ago when the Public Accounts Committee wanted to scrutinised the work done by Kumul Petroleum but it ignored by stating that it's just a company and PAC don't have the right to scrutinsed the nature of work done by Kumul Petroleum. But these are State Agencies and they should have a reporting structure whilst maintaining their duties as independent. The Parliament has the power and responsibility to make them accountable to the people through this Parliament processes.

We appreciate the difficulties at the National Airport Corporation which exposed one weakness that we have been carrying for so long whereby the Cabinet and the Minister had little control over the appointment of MD. And that process needs to be tidied up for responsible pathway of being accountable.

The Minister is not subsuming all powers to himself but he is guided by the totality of the *Act* that governs the way he operates and response to the companies below him.

16/05

But we see that this amendments is bringing back the appointment process of board members back to Cabinet including the appointments of the MD. Also the appointment process of the board will come through the due process on merit and independent selection but it will have the process where it is sent to Cabinet where the minister brings his recommendation to all the statutory bodies where there are three shortlisted then the Cabinet decides.

In this instant, there was a slip in the current process where NAC operated under the full companies' act process and only the board had a process in its appointment process. You have someone who wants to maintain the status quo through many of the processes and it seemed that the Government or the Minister, or the Parliament was helpless. This is a correction process, whilst it may be targeting the Civil Aviation Sector at this instant but I would like to ensure that Parliament looks at this gray area, where they are State companies and they feel that they do not have any accountability equal to the Parliament process. As you all can recall,

not too long ago the Public Accounts Committee wanted to look at the work of some of the State-owned Enterprises and they felt that they were totally independent of the scrutiny process.

We are reconciling this without compromising the independence of this very important organizational function but adding this important layer of scrutiny. So, when there is a national issue at stake, then ultimately the Government process is able to handle it at different layers of authority that are dispensed through our constitutional process and all the other subsidiary laws that govern these bodies.

It is not targeting this particular event but we realized that we carried a deficiency in the present law and we are trying to fill in this gap. But, I want to announce to Parliament, through you Mr Assistant Speaker, that we are also looking into this space, where we have State-owned companies like the National Housing Estate Limited and NHC relationship, or even the SOE companies; the outside process of the appointment of the board and managing directors could be responsive to that process where Cabinet, ultimately at the top is given the benefit of having that oversight.

Mr Assistant Speaker, I want to assure the country that today we have tidied this space with all our state-owned enterprises, and the process has been cleaned and cleared; where the merit-based appointment process kick in and they go through the selection process from an independent process at arm's length, the ultimate three names come to the minister and then we pick and make the appointment. But, there will be a direct relationship in the line of sight from the Managing Director; Cabinet, Minister, and the board to the Managing director.

That relationship was not complete in the NAC process; it only had Cabinet, minister, and board but the Managing director was working below this level. we just want to correct this so that down the line we will expand the scope of the investigations so that every other state company will not compromise the independence of the appointment process.

Thank you Mr Assistant Speaker.

Sir PUKA TEMU (Abau) – Thank you, Mr Assistant Speaker. My view, is that the intentions are honorable, but the structure as per the draft amendment draft is not consistent with the intentions.

Let me point out one area; in this amendment, section 143 (d)(2) reads, “a minister may at any time, by written notice, advise a director, that he intends to terminate the appointment of that director on the ground etcetera ‘. The minister is now given the power to terminate any director of the board.

So, Mr Assistant Speaker, I think we have a mismatch; the intention is right but the letter of the law is not bringing that intention. We have always talked about fit and proper person appointment on any SOEs, that has been the conversation all along, but our problem has been the politicization. We talk about arm's length but this is not arm's length. Which director in his right frame of mind will accept the same responsibility when the same minister is given the power to remove them at any time, by just written notice? I have problems with this and so I strongly recommend that we relook at this because the intentions are right but the letter of the law is not there.

Thank you, Mr Assistant Speaker.

17/05

Mr DON POLYE (Kandep – Minister for Higher Education, Research, Science and Technology and Sports) – Thank you, Mr Assistant Speaker. There are important points being raised. I also have three points to raise.

My first point is, I want to look at the amendments that the Minister has raised in 143(g). This amendment includes the chairman and the deputy-chairman. I want to clarify some points that were being raised by the Deputy Opposition Leader. He said that the Minister can appoint the board and the chairman.

If you look at this amendment and as the Prime Minister has explained, it is normal in all other statutory organisations that appointments have to come through the Cabinet as is reflected in clause 143(g).

The management appointments can be found in section 143(e) 1 and 2, and sub-section (a)(b), that the *Regulatory Statutory Authorities Act* appoints the management. The Minister is not on the management and board level as being said by the Deputy Opposition Leader. The amendment does not support that. What the Opposition has raised is not reflected by law. I want the public to know that this is a misunderstanding.

Mr Assistant Speaker, in regards to the points made by the Member for Abau, in statutory organisations, the Minister recommends the board members to the NEC. For instance, in my Ministry, the *Act* allows the Minister to make recommendations of people on the council. With the advice of my department, we make recommendations of capable people for appointment.

As reflected in the clause that the Member for Abau has raised, management do appoint board members and that is appointment of authority.

Mr Assistant Speaker, my third point is about the current situation involving the NAC Managing Director and his management. The way they have acted or conducted themselves is unacceptable and cannot be tolerated, perpetrated and perpetuated. It must be stopped.

The management, MD and other parties involved, should openly apologise and they must resign to cleanse themselves because what they have done is a very bad thing for Papua New Guinea. They had detrimental effects on the lives, security and the safety of the people, and have killed some business activities because of the shutdown of the airport for two or three days.

We should not do this because it shows that the people occupying the management positions have a conflict of interest. Their conduct shows and illustrate that there are people not fit to occupy positions that they hold.

If they were selfless and for Papua New Guinea, they would not have acted the way they did and therefore, these amendments would not have been necessary. But, they have endangered the business, lives, safety and security of PNG, therefore, causing the government to take control of the situation. If not, you will see this non-sense continue to perpetuate into the future.

Mr Assistant Speaker, I would like to urge the Opposition, the Member for Abau and the Governor of Morobe, that these amendments are in order and in the best interest of PNG. We should support it, because it is not in the interest of the Minister or the Marape-Rosso Government, but in the interest of the nation. Thank you.

18/05

Mr KEITH IDUHU (Hiri-Koiari) – Thank you, Mr Assistant Speaker. I'd like to shed some light on the view shared by the learned Member for Abau, Sir Honourable Puka Temu. My views are that the analysis of *Section 143 (D)* which would be the new provision of the *CCA Act*. I beg to differ respectfully in this instance. The discretion bestowed on the Minister under *subsection 2* which says, "the Minister may", *may* is the operative word. It is a discretion by virtue of the usage of the word *may* upon the Minister to exercise this discretion and of course exercise aspiringly to a certain privilege or right to terminate or recommend for termination.

The entire provision must be read in its entirety. The subsequent provision *subsection 3, 4, and 5* created that avenue for natural justice to be applied to the respective director. This is a director of the board. A director then has the opportunity to within 7 days to respond to the notice issued by the Minister. If the Minister is satisfied that the explanations are sufficient

then he will accept. He still reserves the right to accept the explanation and continue the continuity. If in the event that the explanations fall short of sufficient, then he will recommend to the appointing authority to terminate that tenure in which event another consequential event kicks in which is the special interest group for that recommends or put this director or replaces. There is no room for a vacuum. The law does not contemplate a vacuum in this instance. This also is independent of the provision for managing director and this is not to be confused.

Section 143 (D) relates to directors of the board, the propose *Section 143 (e)* relates also independently to managing directors, and the casual managing director, the same natural justice is applied. These are principles and hall marks of good governance and good law. With this explanation, I submit and I would urge the House to accept this amendment considering, let's not be naive to the recent events and the continuing fiascos in this country relating to the safety of the general public in aviation.

I think Papua New Guinea has a good record so far. Let's try to employ every endeavour to maintain that record and employ every endeavour and push the button to make sure our safety standards are critical and should not be gambled. We must not gamble with the lives of our ordinary Papua New Guineans and the traveling public.

I commend and congratulate the Minister for Transport and Civil Aviation for taking up the expeditious reaction. It is not a new reaction but one word that I submit very thought out and the draftsman has reflected those intentions very clearly.

Thank you.

Motion – That the question be put – agreed to.

Motion – That the Bill be now read a third time – agreed to.

Bill read a third time.

19/05

MOTION BY LEAVE

Mr RAINBO PAITA (Finschhafen – Minister for Finance and Implementation) – I ask leave of Parliament to move a motion without notice

Leave granted.

**SUSPENSION OF STANDING ORDERS –
REARRANGEMENT OF BUSINESS**

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

That so much of the Standing Orders be suspended as we would prevent;

(a) the Minister for Treasury presenting the 2023 Budget and associated Budget papers and

(b) the Appropriation General Public Service Expenditure 2023 Bill, Appropriation Judiciary Services 2023 Bill 2022 and Appropriation National Parliament 2023 Bill 2022 be presented together and debated as one and

(c) separate questions be put on the second and third readings.

**APPROPRIATION (GENERAL PUBLIC SERVICE EXPENDITURE 2023) BILL
2022; APPROPRIATION (NATIONAL PARLIAMENT 2023) BILL 2022;
AND APPROPRIATION (JUDICIARY SERVICES 2023) BILL 2022**

First Reading

Bills presented by **Mr Ian Ling-Stuckey** and read a first time.

Second Reading

Leave granted to move the second reading forthwith.

Mr IAN LING-STUCKEY (Kavieng-Minister for Treasury) – I move –

That the Bills be now read a second time

Mr Speaker, I am honoured to present the 2023 Budget to this Parliament. This Government was re-elected on a platform to make this a fairer and more economically independent country.

Our Prime Minister has committed to ensure that no place and no one will be left behind as we develop and grow this country in a more sustainable way.

Mr Speaker, I am proud this budget implements this vision.

Our budget context for next year's budget. Once again our proud country is having to sail through choppy international waters. The world outlook is "gloomy and uncertain" at least

according to the IMF rising global inflation, rising global interest rates, falling growth rates and a war in Ukraine that continues. But today I don't wish to be "gloomy".

PNG is doing much better than most other countries the real growth rate in our non-resource economy is recovering well. Real growth rates of 4.8 per cent in 2021 4.5 per cent in 2022 and 4.6 per cent next year. This is only the second time in our history that we have had three years in a row of such growth of over 4 per cent. Employment is growing inflation is falling and expected to be under 6 per cent next year. Foreign exchange reserves are expected to reach K13 billion the highest level in our history.

We thank our people for their resilience in contributing to such a good economic performance.

We are proud of the contribution of our better economic management while humbly acknowledging that there is still more to be done.

We also thank our international partners today for their extremely strong support. We are committed to this international engagement and we'll be considering further support through an IMF program starting next year to back our own economic reform.

20/05

Our economic vision; this is the first Budget after the re-election of our PANGU led government. This 2023 Budget will ensure our PANGU visions shine through, especially economy independence focus on our rural people.

The Budget overview; Mr Speaker, this Budget continues to deliver on fixing a Budget that was so badly broken under the PNC. Someone sitting opposite who in just a few short years exploded debt fourfold while somehow be able to build his own mansion and business empires.

Mr SPEAKER – Mr Treasurer, withdraw your last statement, it's not good on the Floor.

Mr IAN LING-STUCKEY – Thank you, Mr Speaker, I withdraw. Mr Speaker, this Budget is the largest in our country's history. Total expenditure will be K24.5 billion, a 10.8 per cent increase on our original 2022 Budget. This is the largest investment in our people's future, in the history of our nation.

Total revenues will be another record estimate of K19.5 billion, a 20.9 per cent increase on 2022. Revenue growth of 20.9 per cent is nearly twice as fast as expenditure growth of 10.8 per cent. This is a responsible outcome, it means a Budget deficit falls.

Mr Speaker, the 2023 Budget delivers a billion-kina reduction in the size of our deficits down from 5.9 billion this year to 4.9 billion next year. Our Budget deficit has nearly halved since the global COVID-19 pandemic did so much damage to our Budget back in 2022. Down from a deficit of 8.6 per cent of the economy to today's 4.4 per cent projected next year.

This responsible Marape-Rosso Government will ensure that this figure keeps falling. We are committed down to 3.3 per cent in 2024, down again in 2.7 per cent in 2025, and down to 1.3 per cent in 2026 and then impressively back into a surplus by our target date of 2027. This will be a good day for our children and their future.

We can finally start paying off our debts or making other investment choices once we get back to surplus. This is all part of our 13-year plan to get our Budget books back into order and to stop building up debt.

On law and order; Mr Speaker this government has targeted five key priority areas. The first priority is law and order. This Budget delivers an extra K401 million into our law and order sector. This is the largest increase in funding in our history; an increase of 28.9 per cent.

I was delighted actually to see police paid advertisement in weekend newspapers by further 500 recruits and 60 extra officer positions recently.

21/05

We have committed ongoing funding to the police to continue this level of recruitment. We will lift the size of the police force from 5,000 in 2022 to over 7,000 by 2026.

Mr Speaker, we are providing a 50 per cent increase in funding from K154 million to K232 million in 2024. Major increases also for our magistrates, for our public prosecutor, for ICAC, for the Ombudsman Commission and for the Constitutional and Law Reform Commission.

The Marape-Rosso Government, implementing its vision for a better and safe PNG. On Infrastructure; one of the development transformations of this government has been the dramatic re-balancing of our budget. And for too long there has been a lack of significant and consistent infrastructure development. I am pleased to announce that the 2023 Budget allocates K9.7 billion to invest in our roads, airports, schools, hospitals, power and water supplies.

Of these K6.6 billion will be provided under PNG's own public investment program or PIP. Which is support with a further K3.1 billion in international support. the K6,6 in the PIP program is a historic allocation. When we inherited this budget only K2,041 million or K2 billion was spent on the PIP in 2018.

In only four years we have increased funding by over K400 million or K4.4 billion. I repeat an extra K4.4 billion invested in our infrastructure in 2023 alone. An extraordinary increase of 224 per cent, yet responsibly delivered within a budget repair program.

Mr Speaker, the Marape-Rosso Government is the infrastructure government, but the massive increase in funding tells only part of the story, because the investments are being done smarter. Investments are being driven by the needs of our rural sectors and the focus is on roads to markets and not roads to nowhere. Focus is also on devolved decision-making, to ensure that the roads are best used according to local priorities.

Mr Speaker, in a move to ensure that no province or district is left behind in this massive infrastructure boost, we are investing K960 million for our district infrastructure program. This is historic; more than double the level of funds that were allocated in 2021. On top of this, we are also allocating K220 million to the Provincial Infrastructure Program.

K1,180 million for infrastructure at the local level, moving the focus from the national level to the local level also creates local jobs and local contracts all in line with local priorities, we are going rural.

Mr Speaker, still at the heart of our infrastructure boom, is the ‘Connect PNG’ program, our visionary signature policy to link all corners of our country. This program has been guaranteed a minimum of 5.6 per cent of the budget across the PIP and loan and grant funding, this has been delivered with total funding of over K1,375 million. The Marape/Rosso government is delivering again on its campaign promise.

22/05

Education and Health

Mr Speaker, this Government has already massively increased funding, for the health and education sectors. Much of this has been focused on improving facilities, especially with large investments in hospitals.

The 2023 Budget provides nearly K400 million, to support increases of at least 5 per cent growth per annum, in the number of workers in these sectors through to 2027. After that, funding is provided for increases of 10 per cent per annum.

No longer just targets in a medium-term plan, but actual funding within the sustainable financing framework of the 13-year plan.

Let me be more specific. It is estimated that this program will allow the number of teachers to grow from 59,307 in 2022 to 79,297 by 2027. A funding increase in Provincial Administrations for 20,000 new teachers. This is a growth of over 30 per cent over these five

years, significantly faster than the expected growth, in student numbers of around 20 per cent. This means improved student-teacher ratios and hopefully if cleverly backed by other policy changes, better educational outcomes. This funded policy is expected to support over 125,000 teachers by 2032.

A similar funding approach has been taken for health services, building on the transformation last year, of moving church health workers onto the government payroll system. Healthcare workers are expected to increase from 21,738 in 2022 to 29,065 by 2027, and 46,703 by 2032.

Mr Speaker, let me be clear on this extra funding. This is only made possible, because of very focused priority-setting. Major increases for people on the front-line delivering services, but zero growth in public service numbers in other areas.

In goods and services expenditure, the focus on key priorities has even tougher implications. Priority areas received increases, core central agencies reduced by 5 per cent, and other agencies will be reduced significantly. These are tough decisions, and there will be some unhappy civil servants in Waigani. But with limited funds, we have to reprioritize spending, to reflect our mandated policy platforms during the last elections.

Agriculture and the Economic Sector

Mr Speaker, the creation of new agriculture Ministries, is a clear demonstration of the Marape/Rosso Government's policy commitments, to re-focus government priority on the agriculture sector and other rural industries. Two resource sector ministers, now four agriculture sector ministers, a much better balance for our country.

23/05

These new ministers are supported by sector-based commodity boards. I am pleased that funding for each of these, has been increased substantially major increases in funding for the Fresh Produce Development Company, the PNG Coffee Industry Corporation, the National Agriculture Research Institute, for the PNG Cocoa Board, for Coconut Industry Corporation, and providing K2.6 million in funding for the new livestock and Development Corporation. Overall, we have increased funding for the economic sector by K71.8 million to K989.3 million.

This is indeed a major investment to support growth in rural incomes implementing the vision; Our 2023 household assistance package; Mr Speaker, this Government knows that prices of some key items have gone up significantly over the last year, especially fuel, cooking oil, rise and for our farmers fertilizer cost.

For the first time in PNG history the Marape/Rosso Government developed a household assistance package to help address some of these cost-of-living pressures. There was nothing similar by the former Government as the drought and frost of 2015 to 2016 pushed inflation to even higher levels back then and more than being faced today. This is a caring responsible and responsive Government.

Today I announced a further package of K590 million in cost-of-living relief. These includes tax cuts of up to K63 per fortnight for those earning more than K20 000 per year for 2023, a very serious increase in take-home pay for workers. We will do this by temporarily lifting the tax-free threshold to K20,000 at a cost of K280 million. K150 million will be provided for reducing fuel prices, all excise taxes on fuels will be removed through to the 30 of June next year. As international oil prices have fallen substantially from the peak, the GST exemption will cease. This will keep petrol prices down by about 61 toea per liter and diesel prices down by 23 toea per liter. And K160 million is allocated for removing school project fee costs in 2023; this is a particularly important measure to get assistance out to rural areas and families, many of whom do not have a car or a job earning more than K20 000 per annum. The total cost is K590 million all forecasts indicate the inflation will fall in 2023, back to under six per cent. The Government will continue reviewing the situation and if inflation in fact increases more than expected, than we will consider doing more as long as it is consistent with our budget repair program.

Mr Speaker, in line with this Government's focus on fighting inflation, we are acutely aware of the uncertainties in the global economy. Adequately levels of expenditure will be kept under review to ensure that they don't add to inflationary pressures and to provide fiscal stabilities in the medium term. This is a critical element of our macro-economic framework in ensuring our fiscal strategy does not add to inflationary pressures.

In addition, if there is a more dramatic drop in oil prices than expected and key resources revenues are unlikely to be realised then aggregate expenditure levels will also be reviewed. On revenue measures Mr Speaker, I have already covered two major revenue measures; a K280 million cut in personal income taxes and a K150 million cut in fuel taxes. But we simply cannot cut taxes alone. The development needs of Papua New Guinea means that we must also grow our revenue. This budget introduces the non-tax revenue administration bill. The implementation of this bill.

24/05

Revenue Measures

Mr Speaker, have already covered two major revenue measures:

- a K280 million cut in Personal Income Taxes; and
- a K150 million cut in Fuel taxes.

But we simply cannot cut taxes. The development needs of PNG mean that we must also grow our revenues.

This budget introduces the Non-Tax Revenue Administration Bill. The implementation of this bill is expected to collect more than K550 million in 2023. This restores the key budget principle, that revenue raised by government agencies, should come back to the government, for prioritization in the budget process.

Consistent with the objective of stopping round log exports and encouraging downstream manufacturing, this budget builds on the 2020 budget measure to increase taxes on round log exports. A further 20 per cent increase is added to the 50 per cent increase in 2020. The expected K30 million in revenues from this increase is allocated to a PNG United Nations biodiversity and climate change trust fund. We expect that this will be seed funding and attract much greater levels of international funding support as part of our Targeted Grants Strategy.

Mr Speaker, following consultations, we have decided to change the form of the tax introduced on the banking sector in 2022. From 1 January 2023, the rate of company tax payable by commercial banks will increase from 30 to 45 per cent. This is expected to raise K240 million in 2023, funding vital core services. We will consult closely with the banking industry in the first half of 2023, and consider if a different type of tax, such as an additional profits tax, may be more appropriate from 2024 onwards, while still raising the required revenues.

Mr Speaker, social drinks are a curse on our society's youth. We acted on this in our 2020 budget with major increases in taxes on social drinks of over 400 per cent. We are acting on this again by closing down loopholes, being exploited by some unscrupulous operators, with a 493 per cent tax on a wider range of social drinks.

Path Forward

Mr Speaker, I have outlined how the 2023 Budget is delivering on the Marape-Rosso government's vision, especially the path forward for increased economic independence.

Continuing this vision has three vital components.

First, we must continue with ongoing budget repair to a surplus by the 2027 target. We cannot be economically independent, if we continue to rely on international budget support assistance, even when from good international partners. This will involve some tough choices in 2024. As we framed this budget, we have decided to fully allocate extra resource revenues

to increased investments, and further household relief, rather than an SWF or other savings options. We are aware, that means 2024 expenditures are expected to be below the estimated levels of 2023, with particularly larger cuts for the capital budget. Of course, this approach will be adapted depending on developments in the international and domestic economies over the next year. We may push some expenditures to 2024 if deemed necessary, to manage inflationary pressures or macroeconomic stability. We will remain a responsive and responsible Government,

25/05

Secondly, we need to continue micro-economic reform efforts for increasing jobs and growing incomes. Our businesses are clear that we must fix foreign exchange shortages, a foolish home-goal from 2014. Fixing this problem is why our key business reform has focused on modernising our Central Bank.

We will continue to work with the IMF and other international partners to return to a freely convertible kina. We will implement the policies and make investments to get back to real non-resource growth of at least five per cent per annum, as we did under the great Late Grand Chief Sir Michael Somare.

Third and finally, we must strengthen our key institutions. This includes on-going support for our Special Parliamentary Committee on Public Sector Reforms, chaired by Governor Garry Juffa, supporting the new Parliamentary Committee on Election Reforms, chaired by Governor Bird, continuing support fighting corruption through establishing a strong ICAC but without depleting resources for the Ombudsman Commission better service delivery with more accountability and more performance orientation in key agencies.

Therefore, Treasury wishes to announce that Cabinet endorsement will be sought for a comprehensive public sector expenditure review examining whether we are spending our monies in the best possible ways.

Mr Speaker, in conclusion, this is the first Budget after the re-election of the PANGU-led Government. The 2023 Budget implements our vision. This is a responsible Budget of on-going repair with a further reduction in our Budget deficit by K8 billion, another decisive step to a Budget surplus by our target date of 2027.

This is a Budget that focuses on the key PANGU-led Government priorities. Over K400 million extra for police and the judiciary, the largest and most significant investment into our law and order sector in our history. Over K400 million for more police, teachers, doctors and

nurses, not just an empty promise but a promise backed by full funding contained in our 13-year plan.

K1.1 billion for our major expansion in our provincial and district infrastructure programs, going local and ensuring that no province and district is left behind. Over K1.3 billion in new investment for the transformative PNG Connect Program. And within these long-term structural and investment policies, K590 million in temporary support for households to help deal with cost of living pressures.

Implementing the vision all within our available resources. Visionary, responsible, focused on all regions, focused on leaving no one behind, and focused on investment for our children's future.

I commend the 2023 Budget to the Parliament. Thank you, Mr Speaker.

Debate (on motion by **Mr Douglas Tomuriesa**) adjourned.

26/05

NON-TAX REVENUE ADMINISTRATION BILL 2022

First Reading

Bill presented by **Mr Ian Ling-Stuckey** and read a first time.

Second Reading

Leave granted to move the second reading forthwith

Mr IAN LING-STUCKEY (Kavieng – Minister for Treasury) – I move –

That the Bill be now read a second time.

Mr Speaker, this Bill proposes the introduction of a new Bill call Non-Tax Revenue Administration. The government introduce the *Public Money Management Act Regularisation (PMMAR) 2017* in the 2018 Budget. The purpose of the PMMAR is to bring all non-tax revenue collection into our consolidated revenue fund to support the Budget and to allow all government agencies to be funded through the normal budget process.

However, in May 2020, the Supreme Court declared the *PMMAR Act* unconstitutional and nullify its implementation. As a result, the non-tax revenues were not remitted to our consolidated revenue fund but with help by our state agencies and statutory bodies. This significantly reduced the government's new collections. The government in close consultation with the relevant agencies has developed the Non-Tax Revenue Administration Bill (NTRAB). The introduction of the NTRAB is to continue the good work of mobilising not-tax revenue the then *PMMAR Act* had initiated. The Bill rectify the technical errors and reaffix of the *PMMAR Act*. The implementation of this Bill is expected to collect more than K550 million next year and continue to increase the non-tax revenue collections over time.

Mr Speaker, I commend the Bill.

Debate (on motion by **Mr Douglas Tomuriesa**) adjourned.

CUSTOMS TARIFF (2023 BUDGET) (AMENDMENT) BILL 2022

First Reading

Bill presented by **Mr Ian Ling-Stucky** and read a first time.

Second Reading

Leave granted to move the second reading forthwith.

Mr IAN LING-STUCKY (Kavieng-Minister for Treasury) – I move –

That the Bill be now read a second time

Mr Speaker, this Bill proposes an amendment to increase the log export duty by 20 per cent. The increase is in line with government intention to discourage the export of unprocessed logs and encourage downstream processing by 2025. The proposal is expected to generate K30 million as additional government revenues in 2023. The expected additional revenue will be earmarked to support the newly established biodiversity and climate trust fund created by the United Nations for Papua New Guinea. The aims to establish PNG's credibility in financing

for protected areas. This is considered as then providing a demonstrated PNG commitment to the fund which should be able to gear up more significant contributions from other international organisations, countries and international NGOs.

27/05

The measure is expected to come into effect on the 1st of January 2023.

Mr Speaker, I commend the Bill.

Debate (on motion by **Mr Douglas Tomuriesa**) adjourned.

EXCISE TARIFF (2023 BUDGET) (AMENDMENT) BILL 2022

First Reading

Bill presented by **Mr Ian Ling-Stuckey** and read a first time

Second Reading

Leave granted to move the second reading forthwith

Mr IAN LING-STUCKEY (Kavieng – Minister for Treasury) – I move –

That the Bill be now read a second time

Mr Speaker, this Bill continues the suspension of the excise duty on diesel, petrol and zoom products for a further six months starting on the 1st of January 2023 and ends on the 30 June 2023.

The proposal will continue to address the high prices of fuel products and cost of goods and services that individuals, families and businesses are facing.

This Bill also imposes a 493 per cent one-off increase in the excise rate of the ready-to-mix drinks with high alcohol content. The measure aims to combat anti-social behavior resulting from the consumption of these ready mix alcohols and also to raise Government revenue. This measure is expected to come into effect on the 1st December 2022

Mr Speaker, I commend the Bill.

Debate (on motion by **Mr Douglas Tomuriesa**) adjourned.

**INCOME TAX, DIVIDEND (WITHHOLDING) TAX AND INTEREST
(WITHHOLDING) TAX RATES (2023 BUDGET)
(AMENDMENT) BILL 2022**

First Reading

Bill presented by **Mr Ian Ling-Stuckey** and read a first time.

Second Reading

Leave granted to move the second reading forthwith.

Mr IAN LING-STUCKEY (Kavieng – Minister for Treasury) – I move –

That the Bill be now read a second time.

Mr Speaker, this Bill proposes to reduce the income tax payable by everyone earning more than K12 500. This measure will exempt income tax payable for everyone earning up to K20 000.

28/05

For all tax payers earning K20,000 or higher they will have K63 more in their fortnightly pay to help meet some of their cost of living pressures. This is going over and above the measure enacted this year, 2022, which lifted the threshold to K17,500 until 31st of December this year.

This Bill also introduces our new corporate income tax rate of 45 per cent for commercial license banks.

Mr Speaker, I commend the Bill.

Debate (on motion by **Mr Douglas Tomuriesa**) adjourned.

Mr SPEAKER –Attendants, attend to the mobile ringing in the Chamber.

**INCOME TAX (SALARY AND WAGES TAX) (RATES)
(2023 BUDGET) (AMENDMENT) BILL 2022**

First Reading

Bill presented by **Mr Ian Ling-Stuckey** and read a first time.

Second Reading

Leave granted to move the second reading forthwith.

Mr IAN LING-STUCKEY (Kavieng- Minister for Treasury) I move –

That the Bill be now read a second time.

Mr Speaker, this Bill is a complementary legislation on the relief to address our imported inflation issues. This amendment raises the income tax threshold from K12,500 to K20,000 from 01st of January 2023 and ending 31 of December of the same year.

This measure will exempt income tax payable for everyone earning up to K20,000. There will be a marginal benefit for tax payers earning K20,000 or higher.

Mr Speaker, I commend the Bill.

Debate (on motion by **Mr Douglas Tomuriesa**) adjourned.

INCOME TAX (2023 BUDGET) (AMENDMENT) BILL 2023

First Reading

Bill presented by **Mr Ian Ling-Stuckey** and read a first time.

Second Reading

Leave granted to move the second reading forthwith.

Mr IAN LING-STUCKEY (Kavieng- Minister for Treasury) – I move –

That the Bill be now read a second time.

Mr Speaker, this Bill proposes an amendment to correct an oversight whereby the market concentration levy was not formally repealed with the introduction of the additional company tax earlier. It is a duplication that needs to be legally corrected. It also includes a sunset clause to end the additional company tax for the banking sector to transitional provisions are included to save and preserve any existing action arbitration or court proceedings challenging the validity of the tax.

Mr Speaker, I commend the Bill.

Debate (on motion by **Mr Douglas Tomuriesa**) adjourned.

29/05

CUSTOMS TARIFF (2023 BUDGET) (AMENDMENT) BILL 2022

First Reading

Bill presented by **Mr Ian Ling-Stuckey** and read a first time.

Second Reading

Leave granted to move the second reading forthwith.

Mr IAN LING-STUCKEY (Kavieng – Minister for Treasury) – I move –

That the Bill be now read a second time.

Mr Speaker, this Bill proposes an amendment to the *Customs, Tariff Act 1990* to update the PNG Customs harmonised system from HS 2017 to HS 2022 to improve administration of goods traded domestically and internationally. And to be on par with the rest of the world. This measure will be revenue neutral and is expected to be effective retrospective to January 1, 2022 to enhance trade facilitation.

Mr Speaker, I commend this Bill.

Debate (on motion by **Mr Douglas Tomuriesa**) adjourned.

**NOMINATION OF THE GOVERNOR-GENERAL –
STATEMENT BY THE SPEAKER**

Mr SPEAKER – I wish to inform the Parliament that pursuant to *Section 91* of the *Constitution*, the Governor General holds office for the term of six years from the date of his assumption of office. The current Governor- General took the oath of allegiance, made his declaration of loyalty and the declaration of office before the Chief justice and in the presence of Parliament on February 28, 2017.

Therefore, his term of office will expire on February 28, 2023. In accordance with section 88, (3) of the *Constitution*, the Parliament may elect a nominee at any time within the period of three months before the completion of the normal term of office for the Governor-General. Therefore, pursuant to the requirements of the Organic Law on the nomination of the Governor-General I fix Thursday January 19, 2023 for the conduct of an exhaustive secret ballot to decide a person to be nominated by Parliament to fill the imminent vacancy.

Honourable Members under the Organic Law, in order to nominate a nominee. A nomination must be in the prescribed form and these forms can be obtained from the Clerk's office. The nomination form must contain the signature or mark of;

1. The proposer who shall be a Member of Parliament;
2. The person proposed as accepting the nomination; or
3. Not less than 15 other Members of Parliament.

A Member of Parliament can only propose one person as a candidate for election as Parliament's nominee. A member of parliament can only support only one candidate and cannot support any other candidate or be a proposer for another candidate. The completed forms must be handed to the Clerk of Parliament, no later than 12:30pm, on Tuesday 20 December 2022.

Under Section 5 of the Organic Law the Clerk of the Parliament may reject a proposal for nomination where;

- (1) The proposal is not in the prescribed form;
- (2) The proposal is not signed by at least 15 Members of Parliament or
- (3) He has reasonable cause to believe and does believe the person nominated is not qualified for appointment as Governor General.

30/05

Honourable Members, a number of decided cases in the Supreme Court has clearly defined the roles and functions of the Clerk in conducting the election process for the Governor-General and the specific requirements under law in relation to proposal forms.

In view of the Supreme Court's decisions, the requirements I refer to above are clarified as follows:

(a) A Member must state the correct name of his or her electorate and also sign on the appropriate column in the proposal form. A list of Members' Electorates will be circulated for the benefit of Members.

Members will note that they are required to insert the proper name of their electorate. For example, 'Northern Provincial' is not 'Oro Provincial', 'West Sepik Provincial' is not "Sandaun Provincial" and similarly "Chimbu Provincial" is not 'Simbu Provincial'

(b) A Member cannot propose more than one candidate;

(c) A proposer of a candidate cannot also sign as a supporter of that candidate or another candidate;

(d) No Member is allowed to support more than one candidate;

A proposal can only be made with the consent of the person proposed.

The person proposed must consent to have his name put before the Parliament for voting. He does this by affixing his name, signature or mark on the proposal form in the designated space. He must not write his name.

(f) A supporter or proposer cannot withdraw their support or proposal.

A Member who has supported or proposed a candidate cannot later withdraw their support or proposal. In view of the Supreme Court decision, this would be the equivalent of making a mockery of the process and demeaning the high office of the Governor-General.

The Clerk has no powers to entertain such a withdrawal.

Failure to follow these specific requirements will invalidate all proposal forms.

The Organic Law also makes provisions for proposal forms to be handed to the Clerk at any time before the commencement of voting.

However, as a matter of good administrative practice, and taking into account the Court's interpretation of the Organic Law, proposal forms should be submitted to the Clerk in sufficient time to allow him to scrutinize the forms and make informed decisions on some of the requirements under the Organic Law.

Should the Clerk decide to reject a proposal for nomination, such a time frame also allows an aggrieved person sufficient time to appeal to the National Court against that decision.

Honourable Members, if we all comply with these requirements, I expect no more than six proposals to be in the Clerk's Office by 12:30 pm on Tuesday, 20 December 2022, which will be the closing date for nomination.

Mr RAINBO PAITA – Thank you, Mr Speaker, I would like to thank the leaders and on the Opposition, the shadow Treasurer and our Minister for tabling the Budget. I also would like to thank the media and the others that have come to the budget lockup including our media that is observing Parliament today. I also thank the Clerk and his team.

ADJOURNMENT

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

That the Parliament do now adjourn.

The Parliament adjourned at 1.25.p.m.