

## SEVENTH DAY

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Thursday 20 March 2025

### DRAFT HANSARD

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## SEVENTH DAY

**Thursday 20 March 2025**

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

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

Sitting suspended.

The Speaker took the Chair at 10.40 a.m., and invited the Governor of Manus, **Honourable Charlie Benjamin** to say Prayers:

Eternal God in Heaven, this morning mipela ol Members of Parliament i kam bung here long meeting bilong mipela. Papa yu makim mipela long kamap lidas bilong dispela graun. Forgivim mipela long mipela failim yu. Mipela fall short long glory bilong yu.

This morning, mipela askim yu long givim mipela wisdom, knowledge na understanding long lukautim ol pipol bilong mipela long soim ol long bihainim ol pasin bilong yu long laikim, na tu long laikim ol pipol bilong yu. Mipela iken laikim yu wantaim olgeta tingitng na strong blong mipela na wankain tu laikim husait arapela bilong mipela, ol turangu lain, ol pikinini ino gat papa mama wantaim tu ol lain ikarim hevi.

As leaders, halvim mipla long tingim ol dispela turangu lain taim miplea ikarim wok bilong development insait long dispela kantri na bai ol iken save olsem yu tasol yu trupela God

This morning, mipela askim presence bilong yu long stap wantaim mipela, stap wantaim Prime Minister, Cabinet ministers, Opposition Leader as they deliberate on important services and developments of this country. May presence bilong yu stap klostu long ol.

This morning, me putim mipela olgeta ikam long han bilong yu.

Amen!

**ANNOUNCEMENT –  
STATEMENT BY THE SPEAKER**

**Mr SPEAKER** – Honourable Members, the Chair would like to make two statements. First of all, it is unbecoming of us as members of Parliament to take snap shots of colleague members who nap in their seats and post on social media. Social media is a public medium and many people are making so many negative comments against us. That is not a good practice for us as members of Parliament so let us stop doing that.

Yesterday, there was one such incident that took place and there were so many negative comments on social media.

The second statement is, this morning while I was on my way to Parliament, a newspaper seller along the road was holding the newspaper facing me. When I looked at the front page, the head line read “Three Members of Parliament are Perpetrators”.

**02/07**

Many people do not read the news, they only read the headlines, so I think this is derogatory. The choice of words they have used in the headlines is not proper. Such headlines denigrate us.

In addition, I would like to state here that I have seen the media conducting a roll call on the attendance of members of Parliament. I want to inform you that this is my house and I have not permitted you to conduct a roll-call. For instance, members may be absent during meetings of Parliament but we do not know for sure what they may be doing in their absence.

For example, a member was texted directly regarding his absence in Parliament. He responded by sending his medical report to them. Who permitted you to keep a roll-call and attendance registry of members of Parliament? So, I am seriously thinking about this matter. The media has the freedom to collect news but this is my house and if I allow you to get news, you can come, if not, then don't. But for this, honourable members, I will now refer the reporter and editor of the *Post Courier* to the Parliamentary Privilege Committee.

*(Members agree in unison)*

**Mr SPEAKER** – So, under the provisions of the *Standing Orders*, the Speaker can do this.

## PETITION

### Review Hidden Valley Mining Memorandum of Understanding

**Mr MARSH NARAWEC** – Thank you, Mr Speaker for resuming your seat. Thank you for giving me time to read a petition from the people of Wau-Waria to this Honourable House.

The Honourable Speaker and members of the National Parliament who are assembled here, this is the humble petition of the citizens of Wau-Waria District respectively.

The revised Hidden Valley Mining Memorandum of Understanding or MOA has been delayed for over ten years. We did not understand why the process was delayed for so long until we saw the MOA draft. The MOA draft review has completely left out Bulolo District as one of the key stakeholders. The National Government agencies and provincial government administration are not always on the ground to face the socio-economic impact of the mining operations. It is us in the district that are very close to the people and we face and feel the socio-economic impact of the mining daily. *In Section 03 of the Mining Act 1992*, the new Wau-Wari District is not part of the stakeholders who will be reviewing the Hidden Valley Mining MOA. Your petitioners, therefore, humbly pray that;

(1) the Parliament and Minister for Mining support the call of the people of Wau-Waria to amend *Section 03* of the *Mining Act* to include districts as the key stakeholders in any mining projects in their respective districts.

(2) The Parliament to make amendments to the *Mining Act 1992* for any mining projects MOA or CDA review to include the district's position.

(3) The Parliament to support our position and recommend to the mining minister and the Governor of Morobe Province to include the following Wau-Waria District position in the Hidden Valley MOA.

(4) The Morobe Provincial Government and the stakeholders to delete that clause to establish Hidden Valley Development Foundation from the revised MOA. It's like creating another special purpose authority which we debated on yesterday.

(5) The National Government is to look into the listing of infrastructure projects in the MOA for the impacted communities and must guarantee that these infrastructure projects will be funded by the National Government and must create an annual budgetary allocation captured in the National Budget.

**03/07**

The list of infrastructure projects for the impacted communities must be based on the five-year district development plan.

(6) The Bulolo and Wau-Waria districts must be captured in the royalties of this project as the precedent was set by the Morobe Provincial Government and Bulolo District when Honourable Luther Wenge and late Honourable Samuel Basel signed an MOU to split the MPG's component of the Hidden Valley royalty.

The project should consider a portion of the equity to the Government and landowners as free carry.

(7) There must be an MOU between the provincial government and the impacted DDAs and LLGs where to apply the Special Support Grant (SSG) on the increase and decrease of gold price.

(8) The Hidden Valley Mining Joint Venture Project has operated for over 15 years now and we request that the doubt and uncertainty imposed in the Tax Credit Scheme clause in the draft MOA be removed as soon as the revised MOA is gazetted.

(9) This mining project must start paying its taxes to the Government and we recommend that the Tax Credit Scheme for Hidden Valley must be used entirely on the Wau-Bulolo Highway maintenance.

(10) The Morobe Provincial Government to look into the complaints from landowners and the community regarding the operations of the landowner company – NKW Holdings Limited, and districts must also be part of the compliance team that will audit the implementation of the Hidden Valley Project business plan. The DDA and LLG must also be involved in the environmental inspection team.

(11) Youth unemployment is a concern for the impacted communities and therefore the district must be part of the employment and training committee that will monitor the employment and training plan of the project.

(12) The concern of the local alluvial miners is to get the Alluvial Mining Lease in the areas where the exploration license is held by Harmony. The license must be given to the Wau-Waria District to make it easy and simpler for the local alluvial miners to be given Alluvial Mining Leases.

(13) Morobe Provincial Government, has budgeted for the road from Wau to Tekadu through the Hidden Valley Mining easement area and therefore this needs to be captured in the MOA.

(14) We are concerned over the underdevelopment of land held by Harmony for 18 years in Wau township and request that the title of the land be transferred to Wau-Waria District for development. The land is earmarked under the Wau-Waria District Development Plan for the extension of Wau township.

(15) Under the revised MOA, Harmony must fund the Wau Town development plan to make Wau Town become a mining township again. This is beneficial not only for Harmony's current and future projects in the district but for all the landowners and local businesses.

And your petitioners, as in dully bound, will ever pray.

Thank you, Mr Speaker.

**04/07**

## **QUESTIONS**

### **Utilise Ward Recorder Books For Census and Common Roll**

**Mr KANSOL KAMDURU** – Thank you, Mr Speaker. My question is directed to the Minister for Provincial Government and Local-Level Government Affairs.

I have a one question, but I want to first provide some background. Last year, we had the rollout of the Census and Common Roll. For us in rural areas, most of the time, we see that things are not going as expected, and complaints arise from the local Level governments (LLGs) and the ward councils.

Many times, when the Common Roll is conducted, it fails, and many officers also do not receive their proper pay. Now, discussions are happening in Madang Province. Madang, Bogia, and Sumkar are located along the main road, but many officers who are working on the Census and Common Roll have not received their allowances as yet. They have submitted their complaints to our District Development Authority (DDA) office. They complain that if the government does not address their allowances, they will not conduct the LLG elections.

This is my concern I am raising to the Minister for Provincial and Local Level Government: Many times, we spend a lot of money to conduct the Census and Common Roll. One simple alternative is that we have the Ward Record Book. This is a cost-effective solution. We already have ward recorders in place, if we maintain these ward record books, they can be used for Census and Common Roll purposes. This would allow us to avoid spending excessive money. The ward recorders are already there, and if we continue using these books, they can maintain Census and Common Roll data. This would also make it

possible for us to update the Provincial and Local Level Government every three or four months in ensuring that we have accurate population data for Papua New Guinea.

Can the Minister inform Parliament if it is possible for us to implement this system?

Thank you, Mr Speaker.

**Mr SOROI EOE** – Thank you, Mr Speaker, and let me welcome you back after some days of absence. Let me also thank the Member for Middle-Ramu for this very important question.

Yes, we do have ward recorders. They used to be called Village Recorders, and these were people assigned to various villages in Papua New Guinea, given the responsibility of recording deaths, births, and other important community information. This system has existed for over five years now. Recently, my department has upgraded the program to what is now known as the Ward Recorder System.

A Ward Recorder is provided with necessary resources such as laptops and other tools, to enable them to record births and deaths, as well as extend their records to socio-economic data. This system has been in place for some time, and I thank the provinces that have adopted it. The system is very important because village recorders are based within the communities, making them well-suited to take on the responsibility of recording deaths and births in real-time. When someone dies, their name is removed from the record, and when a child is born, their name is added to the Ward Recorder System.

Over the years, this program has expanded, and we have now established a computerized recording system that coordinates all this information across Papua New Guinea.

**05/07**

I was advised by my secretary, two weeks ago that we wish to launch this program. This information is now on the cloud technology. We are making use of modern technology to access information in real-time, in the provinces and back to the department headquarters so that we know exactly what's happening in the country.

This is an important method and one of the many approaches which our government has taken to record important data, particularly in relation to births and deaths because it applies to electoral rolls and other exercises such as the census information. Recently, the Minister for Administrative Services concluded a very important census exercise.

If we support this program that my department is doing, then this should form the basis, because that's where the information originates from. Let us not stay in Waigani and go out looking for information only when the time draws near, instead we should have people already on the ground collecting all data for the government for planning purposes.

Mr Speaker, to answer the Honorable Member's question, yes, we have the program on the ground that is now elevated to the next level and I want to encourage all the members of Parliament to consult my department on how we can establish this Ward Record System in your areas.

**Mr KEITH IDUHU** – Thank you, Mr Speaker. My question is directed to the Prime Minister. It is in relation to the government's Connect PNG program, established under the *Connect PNG implementation and Funding Arrangements Act 2021* which commits a 5.6 per cent of the annual national budget to infrastructure development, equating to over K1.1 billion annually from 2022 to 2027.

In 2024 alone, the transport sector, including connect PNG, received K2.059 billion, representing 21 per cent of the capital investment budget. Meanwhile, the health sector was allocated 1.7 billion for recurrent and medicinal capital investment totalling K2.36 billion.

Mr Speaker, despite this, the reality on the ground is alarming. Our health system remains critically underfunded with patients turned away due to medicine shortages, lack of hospital beds and inadequate medical equipment.

It is widely known that health services in rural areas are collapsing. Yet the government has committed billions towards building roads that many of our people may never use; considering the way the weather patterns have changed and roads keep deteriorating continuously.

Last year, the National Department of Health faced enormous challenge, in the 2023 Budget the department requested K386 million but received K236 million, leaving a K150 million shortfalls over 12 months. By October, the situation had become critical, the funding shortages coupled with Central Bank delays in the approval of foreign exchange contributed to a visible shortage of medicines in nearly all health facilities. The country's vaccine budget was dropped by K25 million, forcing the department to seek urgent funding from its international partners.

Mr Speaker, the last publicly tendered contract for medical supplies was in 2019 or thereabout, raising concerns that procurement is now being handled on an ad hoc and non-transparent manner and an emergency-basis.

In 2022, the Prime Minister directed the Health Department to shift the procurement process with WHO sanctioned manufacturers, yet the medicine shortages persist, hospitals continue to struggle and the primary health sector suffers every day.

**06/07**

**Mr Elias Kapavore** – Point of Order! The good Member seems to be talking about health matters so the question is directed to the Minister for Health or the Prime Minister.

**Mr KEITH IDUHU** – My question is directed to the good Prime Minister because it covers two other areas as well.

Thank you, Honourable Speaker, my questions therefore are;

#### **Prioritise Health Over Connect PNG**

(1) How does the government justify spending billions of kinas on road under Connect PNG, when hospitals lack basic medicines and rural clinics are closing due to lack of supplies?

#### **Transparency In Procurement – Health**

(2) Is it true that the last publicly tendered medical supply contract was in 2019? And if so, can the good Prime Minister confirm whether we are operating on an ad hoc emergency basis? And if so, what measures will be taken to immediately restore transparency and regular procurement processes?

The 2022 directive to procure medicines directly from WHO approved manufacturers was meant to improve availability and quality.

#### **Shortage Of Medical Supply**

(3) Given the on-going shortages, does the Prime Minister concede that this approach has failed and If so, what alternative measures will the government take to ensure essential medicines reach our hospitals and clinics?

Why is Connect PNG receiving guaranteed funding, while the health sector is constantly in crisis mode, scraping for resources to keep hospitals running?

On the eve of the National General Elections in 2022, the good Prime Minister with the former Governor of Central Province launched a billboard project at Bautama to establish a Central Province hospital.

### **Status of Central Province Hospital**

(4) Can the good Prime Minister also confirm or advise the people of Central Province when this project will commence and when the funding will be allocated in this term of Parliament?

Mr Speaker, and how much funding will be allocated for this year.

In the 2023 Budget, K50 million was allocated but none of it was released.

Mr Speaker, the only occasion I've heard on Connect PNG funding being used for health care was admission by the Minister for Works that Connect PNG money was used for his urgent medical treatment overseas. I hope the Prime Minister can clarify this for the people of Papua New Guinea.

Thank you, Mr Speaker.

**Mr JAMES MARAPE** – Mr Speaker, I want to thank the Member for Hiri-Koiari for raising a good series of questions.

I am conscious of time here but it's important for public conversation and digs into the priority of government expenditures on whether we are compromising health at the expense of other sectors like Connect PNG. So, if I could ask for the tolerance of this Parliament to use six minutes to respond to his questions.

Firstly, Mr Speaker, I've noticed, and being around since 2007, that we are losing decorum in this House, especially, simple things in the conduct of how we stand up.

Mr Speaker, need not to lecture you, because you know it better than I do, but just some basic things; for instance, when a Point of Order is raised, you are entertaining that Point of Order, the person on feet, he is supposed to sit down. When the ruling is made than he stands up again, instead of him responding straight on his feet.

So, I also want to remind this House that this Parliament has certain decorum; this is not a club, social place, or place of loud noise. I think these sorts of conversations are needed from the Chair. All of us need to be refreshed on decorum and basic conduct in this House.

So, I just thought I had to reflect on this but not to take the light away from the questions asked.

I want to confirm that Connect PNG has the security resource envelop of 5.6 per cent in the budget annually which is geared towards assisting us in opening up all parts of our country that remain isolated from each other.

**07/07**

For instance, Port Moresby remains one of the most isolated capital city on the entire planet, unreached by over 85 percent of the country's population. Do you keep the nation's capital isolated forever?

But of course, cognizant of the fact that we need to do it properly, with responsibility for the security of the nation's capital and the adjacent people and provinces, I want to give assurance to this Parliament that at no time do we intend to use Connect PNG to be a priority over other relevant sectors like the Department of Health, Education for that matter. I want to give assurance to this House through this question.

The final budget outcomes that Treasury releases every year is on record. If all of you want it then the Treasurer by law is required by 31st of March each year to furnish this report and also the report on last year's expenditure.

The government spending on record for everyone to see the total disbursement to each sector. We don't deliberately try to sabotage funds, what is meant for health has been going to the Department of Health.

This Parliament does approve the expenditure plan of governments and has done so for the last six years. The departments concerned like the Department of National Planning, Finance and Treasury work on the disbursements each financial year. I am not equipped right now with the actual disbursements from departments of Treasury, Finance, and Planning to the Department of Health.

But I could give assurance that we don't compromise the Department of Health and health sector funds. Health sector fund does go, especially essential funds for drugs and medicines. I will make it my business to get the Minister for Health to inform the country on the exact allocation and actual funds transferred for medical procurement. Medical procurement remains one of our number one priority expenditures.

Every January when a financial year starts, under the Pangu government's watch, we make sure health and education are core expenditures up in January. They are ranked in the top three expenditures: (1) salaries, (2) health, and (3) education.

We have to pay our children's school fees. So, every January, even before Connect PNG gets its share of funding, we make sure there are funds in the coffers for medicines to be on the shelf. I do admit that in the structures, we sometimes have structural impediments which impede the disbursements to the Department of Health like in procedures to procure actual medicines to be on the shelf.

That is one of the reasons why I will be transparent and it is out on public notice already. The current Acting Health Secretary is a good man. When his contract came up for review, Cabinet felt that some of these things had to be looked at again.

So, the current Health Secretary remains in the acting capacity until we tidy the process for leadership in the health sector.

This Government is cognizant of the need for the health of our country not to be compromised. Lest we forget, we took office and ran straight into Covid-19. Through the diversity of Covid-19, we took the country out of Covid-19 in 2021, 2022, 2023, and 2024. Despite the apparent weaknesses, we carry through, we try our absolute best never to compromise the health of our people.

I want to relate to the question about infrastructure, especially in Central Province. There has been funding transferred from the departments of National Planning, Finance, and Treasury to the Department of Health for health sector infrastructures.

And so, I have called for accountability on the spread and disbursements. Some of this funding was meant for provincial health as well as district health.

**08/07**

It is not for spending, a little here, a little there, a little later. It has happened and so we have asked for a full investigation.

All PHAs have received, in my view, in the last three years over K60 million each including Central PHA, on average, maybe less, maybe more. These are initial seed capital. If there is no plan or no land accessibility, this is work for PHAs because they are autonomous. PHAs are creatures that exist that have autonomous power.

So, PHAs should now, for instance, Central PHA should have a clear plan and a ground breaking did happen already – this is the site, this is the design, we have received the K50,40,60 million Mr Prime Minister or Mr Health Minister, where are we?

Six hospitals that we want to build, are still running around in the quagmire and sands of Waigani and I take full responsibility; I blame no one. I take full responsibility.

Health ministers come and go. They expect the Prime Minister to go down and push the wheelbarrow. I make policy statements at the top and so I take responsibility for the six hospitals.

Later this month on the 31st, I will have the greatest pleasure of being in Wabag to open a K600 million world class hospital, which was initiated by the previous government, and my government put over K500 million into that hospital.

We don't break good progress and I give commendation to the PNC-led government. They initiated this project just like the courthouse, they initiated the court house and my government put K400 million in the last four years in a courthouse that is fully furnished and awaiting opening.

So, like the Central hospital, I do apologise to the people of Central Province. The intention is there, we made the announcement, but the system keeps running around. It's no secret, that's why the Health Secretary has not been reappointed. We're not going to carry people who will not follow instructions to run through. We make policy instructions; the system should be picking up and running with.

So, Central hospital remains outstanding. Hela hospital remains outstanding. Southern Highlands hospital remains outstanding. Kimbe hospital remains outstanding. Bougainville hospital remains outstanding. These were hospitals marked to go first and the other balance of hospitals will run. We want to deliver 22 provincial hospitals that are sitting there to address our people and then the rest will run through.

In between those announcements in 2019, 2020, and 2021, this government has transferred over K60 million each to all the PHAs. I ask governors of the House and members like the Honourable Member for Hiri-Koiari, it is within your work at the provincial assembly and the work of the governors to summon the PHAs. Some PHAs are working very well; for instance, East Sepik PHA. They're working very well so they assist the sector in this way. Some PHAs, this government amended listening to the popular cry. We amended provisions of the PHA so there's a natural relationship with your provincial administrators.

You sit there as a chief accountable officer in the province, asking PHAs about progressive matters. So, not to take the blame away from our side from when the provincial hospital has not been moved, it has always remained our intention for a Central Provincial hospital.

It pains my heart to see the people of Central province who have gifted this country our nation's headquarters, to sit under tents at the side of 3-mile. So, honourable member, your

question is in order and I will check where the process is concerning Central Provincial Hospital. Central Province deserves a hospital.

When the current leadership came in, the current Madam Governor wrote to us saying let us downgrade the provincial hospital conversation and let's build up regional district hospitals. That was a call that came from the province but I remain affirmative that the province does need a hospital so that patients from Central can remain in the Central hospital. I will respond to this Parliament and the Central people as to the status quo of what has happened in the Central hospital to endeavour.

**09/07**

But to conclude, I want to respond to the question on the direction on shifting away from the procurement at the Health Department to WHO's sanctioned providers of medical supply, we cannot compromise the standard of medicines supplied.

We have shown discrepancies, where orders were happening on the byways and sideways of Waigani so we stopped this nonsense to order straight from certified WHO medical suppliers that we have here or abroad. We cannot compromise our people's health. It may become an impediment but health is something within the care of the Health Department. I will get the Health Minister to report back to the country on the status of medical supplies procurement.

Mr Speaker, the intention was very simple. We saw elements of discrepancies in all manners of pharmaceutical companies that were popping up here and there. It became a scheme and scam. We tried to put a stop to this and source it straight from reputable and recognised drug suppliers so that our people's health is not compromised. That was the intention of this policy direction from my office and it still stands. I give commitment to revisit this, if we need to improvise, we can but improvisation will not come at the expense of good medicines for our people.

Thank you, Mr Speaker, I hope the answer is sufficient if I had not answered anything, I'll be willing to take the question in writing from the Member and appropriate responses will be rendered back in due course.

Thank you, Mr Speaker.

## Supplementary Question

### NCD Hospital

**Dr LINO TOM** – Thank you, Mr Speaker. I'd like to take this opportunity to ask a question to our good Prime Minister. In regards to the hospitals.

New hospitals were promised in the six provinces, and through you Mr Speaker; to construct new hospitals, they have a procedure and process that every other province has to comply with. There is something called a clinical services plan that drives the planning process and it's being done by ADB; it's a very stretchy process. We have health facilities without proper funding for the structures. So, I believe the six hospitals are going through a stretchy process.

My question to the Prime Minister is regarding the new NCD hospital that's being posted. I hear there's a letter being written by the good Treasurer for a loan drawn down from a Chinese government media company. My questions are as follows;

From what I am hearing from the Department of Health and when I was the Minister of Health, there was a plan proposed and that concept design was not based on the clinical services plan. It will cost close to a billion kina to build a house which is not going to comply with the standards that we have with the National Health Department.

So, can the Prime Minister confirm if the level of standards was complied with because there will be a drawdown of close to K1 billion? T

This is because of one of the biggest problems that we face with the Enga Provincial Hospital now. There are a lot of compliance issues because a Chinese company has built that house and it has not complied with the standards. So, are we going to get another new law?

**Mr Elias Kapavore** – Point of Order! Mr Speaker, with due respect to the Member, I believe these are new questions, and if these questions can be directed to the Minister for Health.

*(Members murmuring)*

**Mr SPEAKER** – Honourable Minister, the Member is asking a supplementary question to the Prime Minister as he was answering the questions from the Member for Hiri-Koiari so I will rule your Point of Order out of order and I'll allow the Member to ask his supplementary questions to the Prime Minister.

**10/07**

**Dr LINO TOM** – Thank you, Mr Speaker. The plan to build 60 hospitals has been was from the previous PNC-led government, and as he mentioned this morning, they have put capital funding in the budget. However, budget implementation has been a big problem.

None of the K50 million for –

**Mr Powes Parkop** – Point of Order! I think the Honourable Member should direct the question to the Treasurer when he comes in. I'm very concerned about this question because this is very delicate, it is not easy to get money to build hospitals. We have plans for level-five hospitals, but have any of them been built?

People are working very hard to get funding for this hospital and our capital city needs this hospital.

*(Opposition interjecting)*

**Mr Powes Parkop** – So you ask your questions, be sensitive because people are working hard to build this hospital.

*(Opposition interjecting)*

**Mr Powes Parkop** – No, I think that the Prime Minister, might not be in a better position to answer this question. It's about the Treasurer signing that letter, so if the Treasurer is in, he can explain properly so it's on record, because we are at a very sensitive stage.

The loan has not been approved yet.

*(Opposition interjecting)*

**Mr SPEAKER** – Honourable Governor, your Point of Order is out of order because the Prime Minister is Chief Minister so when the Treasurer is not present, members can direct their questions to the Prime Minister to answer.

So, I will rule it of order because are debating. You can wait until tomorrow for Grievance Debate to air your concerns.

## **Construct Hospitals In Compliance With Health Standards**

**Dr LINO TOM** – Thank you, Mr Speaker.

(1) So, my question to the good Prime Minister is, has the letter of intent been endorsed by the Department of Health, and has it gone through the process?

Because I have been part of the process and we have put a stop to it because the plan that they are pushing for doesn't comply with the standards.

Mr Speaker, we live in a country and every other hospital must subject themselves to the standards we have.

My question is as follows;

(1) Are you willingly advising the Minister for Treasurer with full advice and knowledge from the Health Department to draw down on a loan to fund a hospital that doesn't comply with the standards we have within the Health Department?

(2) What does it mean for all the money that was put aside for these hospitals that you're talking about?

Being the former Minister for Health, the monies were not parked under the Department of Health.

(3) So, who are we going to blame when the budget is not being implemented?

Thank you, Mr Speaker.

**Mr JAMES MARAPE** – Thank you, Mr Speaker. Once again, I appreciate these questions and I just want to place on record my appreciation to the Member for Wabag, when he served as Minister for Health. He was a very good Minister for Health, and he tried his best to work under the circumstances that he was faced with.

I just want to also ask the current ministers; I don't get into the role of everyday overlooking all the Ministers. I task them and I check them every year, now and then. Those who have served under my Cabinet, and those who are sitting on the other side, know exactly my style of leadership. They have been tasked to deliver on expected outcomes even if the full 100 per cent has not been transferred, whatever was transferred to those sectors, we expect delivery on the outcomes.

I will report to this House or possibly to the Minister for Health, on the remittance from Treasury, on how many went to the Department of Health, in the last six years I have been Prime Minister?

**11/07**

To the Health Department, in the last six years I have been Prime Minister. Sometimes I have been unfairly blamed, but I am big enough to take responsibility for the inefficiencies of systems under me. I accept the blame – no problem – and I go down with it.

As the captain of the ship, I accept responsibility. But while 100 per cent of the funds may not have been transferred, Mr Speaker, I want to report to you and the country that monies meant for District Hospitals have been transferred to the Health Department, monies meant for Provincial Hospitals have also been transferred. Even if the full amount has not been transferred, some funds have been. The National Government deserves productivity based on what has already been allocated.

Some funds may have gone to provincial governments or DDAs, again violating National Government directives that certain PIP funds are not meant to support DDAs or provinces. These funds are for key interventions. Programs labelled "district hospitals" are meant for district hospitals. Programmes labelled "provincial hospitals" are meant for provincial hospitals. Sometimes, within the system, I am not in control, but again, I take full responsibility.

On the matter of the NCD hospital, I want to say, and the Member for Wabag, as a former Minister, knows my stance on this, especially in relation to compliance with due processes, whether it be Treasury processes or health standards. This is the reason why the project has not moved beyond its current stage. It is still undergoing due diligence. No loan has been directly approved by Treasury yet, until the fiscal space created by Treasury is consistent with our plan to keep responsible budgeting and the fiscal deficit consolidation path that was outlined three budgets ago. We are working towards a balanced budget by 2027.

Within this financial framework, if Treasury can create the space, then the NCD hospital remains a priority. The reason is simple: with over a million people in our city, this hospital will not compromise Central Hospital or other hospitals.

The Government finances projects through a combination of funding sources. Some hospitals, like Enga Hospital over the last four budgets, have been funded entirely by the PNG Government, at a cost of almost K600 million, with no loans. Other projects may require loans and government counterpart funding. If there is an opportunity for cheaper, consensual borrowing within our fiscal space and deficit management plan, then hospitals should receive funding. There is a clear need for hospitals, so why hesitate to fund them?

Today, we have made interventions at the Port Moresby General Hospital, which is now taking shape with the specialist hospital for the country. One of my key goals from 2019 was that by 2025, we would no longer export patients to the Philippines, Singapore, or elsewhere. We have achieved this milestone. The cancer facility is also nearing completion. Hopefully, by September 16, once construction is finished, we will have a fully equipped, modern cancer facility on par with, or even slightly better than, existing facilities in Australia.

I thank the former Ministers, Honourable Dr Tom Lino, the Honourable Jelta Wong, and others who have helped along the way, as well as the current Health Minister. We have stuck to the plan. Cancer treatment must be a priority in our country. Cardiac care must also be prioritized. At the Government's instruction, Kumul Petroleum has been directed to support this initiative, alongside PIP funding. A diabetes centre will also be opening soon. Port Moresby will be elevated to a national specialist referral centre.

What about NCD? With a population of over a million in NCD alone, 400,000 in Central, and continuous referrals from Gulf with over 300,000 people, the total catchment area is close to two million people at any given time, including those in transit. There is an urgent need for a hospital in NCD.

**12/07**

We are exploring a hybrid financing approach, and there is a proposal for loan financing at a concessional rate, so treasure is processing this, but I want to give assurance to the health minister, and the former health minister, knows my view that standard must not be compromised. And so, part of the due diligence remains, Treasury is rechecking financial affordability and the Health Department is checking standards.

And also, we will not compromise on due processes especially other process that involves ethics, procurement, land and everything else that is associated with this hospital. But the fact remains that this city needs another modern hospital and this gives an opportune time just like the Wabag hospital was a greenfield.

So, it allows us to build up something from an abstract concept to something that could be able to be modernized, instead of what we are doing in Port Moresby General Hospital. The proposed NCD new hospital, just like the Enga hospital, Greenfield, with a consciousness of making sure the standard is correct without compromising the standards of our people.

In terms of health facilities, we're building this for Enga hospital, this hospital sits right in the Midwest part of our country. If you plant your fingers on Enga Hospital, it is not just for the Enga people; by road and by flight through MAF and others, it is right in the midwest. If you go north, you hit places like Frieda, Ambunti, and Maramuni and for special referral by flight, it is much quicker to come into that sort of hospital than into Port Moresby.

I made a fundamental statement in launching the health plan and that health services at different levels must be within one hour of reach to our people. So, I want to commend and again, credit must go where it is due. The previous government initiated this project when we came on board, we pushed to complete this.

It is not just for the people of Enga, it will serve the Southern Highlands, Western Highlands, the highlands of East Sepik, West Sepik and Western Province. It could be beneficiary that it could be turned into a specialist hospital that would be catchment of airlifted patients into Enga for the service of people there. So, I want to say that whilst it may seem slow, the process must be complied to.

The governor of NCD and the good leaders of the city, I appreciate your patience, that we must follow due process. This is essentially an important hospital to service the million people in our city and nearby central province.

Thank you, Mr. Speaker, whether through loan to grant or through govern PIP or through private-public partnership and hybrid combination must be geared towards education and health in our country and we're looking at all means, instead of delaying development, we must bring development at haste. Thank you.

### **Mendi Roads**

**Mr RAPHAEL TONPI** – Thank you Mr Speaker, my questions are directed to the Minister for Works and Highways.

The Department of Works and Highways has declared on many occasions, the Sumiya -Muniu section, which is part of the Kewabi Highway, that runs from Kagua in Southern Highlands to Porgera in Enga Province.

My questions are:

(1) If this proposed highway has been gazetted as a national highway, If so, can you tell the people when Sumia-Muniu section of the highway will be properly tendered and sealed?

The issue of Mendi town road sealing has been raised in many aspects including public outcry and complaints against non-performance. As a local MP, I have frequently traveled to

my electorate, and I hardly see any work being done, in a few months' time we will be hosting the PNG games.

(2) Can the Minister tell my people of Mendi and Southern Highlands, that if the full contract amount was paid, and if not, when will it be paid?

**13/07**

If not paid, when will it be paid? If fully paid, on what basis was the payment done? There is no work done! In light of non-performance do we have laws to have contractors accountable?

In regards to the Hirilai Road I thank the contractor for keeping this portion of the road upgraded. However, it has taken quite a long time and this road has been used by many people in the Hela Province and for the LNG Project.

(3) Can the Minister inform my people why has there been a big delay in the sealing of this road when a binding contract was already awarded?

**Mr SOLAN MIRISIM** – Mr Speaker, let me take this opportunity to thank the Honourable Member for Mendi-Minihu for his important questions.

Firstly, his question on the Laiagam – Mendi Road or the Kibru and on many occasions the people up there who use this road know it as the Kewabi Highway as he has mentioned has been Gazetted as a national highway and it is part of the Enga Highway in early January 2025 by the Cabinet. The road section is between Minihi and Kagua and it is not a national road but a district road access.

Mr Speaker, the Mendi-Minihu Road was recently funded under the ADB loan Program and it is currently under the PEC road maintenance program. The balance of the road between Minihi to Kagua road has been proposed to be funded by the ExxonMobil Tax Credit Scheme and the Works department is facilitating negotiations with the National Planning Department to approve funding for this road project it will allow my department to kick start funding and sealing for this road.

Mr Speaker in regards to the second question the Mendi Town Road, the contract was terminated due to lack of performance by the works department. Also, there was an incorrect design by the contractor who was engaged by the Provincial Government and the contractor was Oceanic. This same contractor was engaged by the Southern Highlands Provincial Administration without the knowledge of the Works Department. It is highly recommended

that all highway contractors must be procured through the Department of Works so the department is fully aware of what's happening and the contractors are held accountable, work under supervision and they strictly adhere to standards and specifications.

There seem to be a number of maintenances carried out in the provinces by the Provincial Government which we don't have any records for and a warrant of K8 million was directed to Department Finance last year to pay the contractor without coming through our department or following due process.

That is where we are for the Mendi Town Road and the contractor.

Mr Speaker, the Hirilai Road is an important alternate route that connects the people of Hela directly to Mendi and we have spent considerable amount of funds constructing that road since 2017, a contract for sealing of the road has been given already and work has commenced on site for sealing and upgrading.

**14/07**

My department is also communicating with the ExxonMobil Tax Credit Scheme to fund this road. We also need to share funding with other provinces, so my department is trying its best to address the need for better road services in our provinces.

**Mr Sam Basil Jnr** – Point of Order! Mr Speaker, I believe our good Minister has written answers to reply to the question raised by Member for Mendi. Can the question time be extended to another 20 minutes?

**Mr SPEAKER** – Honourable Member your point of order is out of order. Honourable Minister continues answering the question.

**Mr SOLAN MIRISIM** – Mr Speaker, on that note, let me remind all my colleague members on this Floor of Parliament that provincial and district roads are your priority. All the Governors, Members of Parliament, and district chairman must allocate funds from PSIP and DSIP to your provincial and district roads. I am just letting you know that some Tax Credit Schemes are also assisting as we attend to needs.

My department's priority is on the Connect PNG program concentrating on national highways in funding them. This government is allocating more funding to districts and

provinces under the kina-to-kina program. So, we must prioritise infrastructures like roads in improving them. Thank you, Mr Speaker.

**Mr Bryan Kramer** – Point of Order! Thank you Mr Speaker, the question time has lapsed, the motion for an extension of question time is available for any member of Parliament to move a motion on this Floor.

**Mr SPEAKER** – We can only move the motion when we have plenty of time but for now, time has lapsed. The *Standing Order* states that when a question time of 45 minutes has lapsed then there is no extension of time.

**Mr Keith Iduhu** – Point of Order! Thank you Mr Speaker, just on extension of the good Member for Madang’s point of order, particularly in the circumstances, yesterday’s question without notice was waved and there was an undertaking by the Chair that question time would be allowed today and extended.

So, you can compensate for yesterday’s loss and the people of PNG deserve to have these 45 minutes. So, I seek leave to exercise your discretion to extend question time, thank you.

**Mr SPEAKER** – Honourable Member for Hiri-Koiari, the Chair made the ruling that the question time has lapsed so you can ask your questions tomorrow during question time.

**15/07**

### **PERSONAL EXPLANATION**

**Mr SOROI EOE** – Mr Speaker, I seek leave of Parliament to make a personal explanation on today’s *Post Courier*.

**Mr SPEAKER** - Okay, according to the *Standing Order*, you’ll have to seek leave of the Chair first before you make your personal explanation.

**Mr SOROI EOE** – Mr Speaker, I seek leave of the Chair to make a personal explanation.

**Mr SPEAKER** - Do you claim to be misrepresented?

**Mr SOROI EOE** – Yes!

**Mr SPEAKER** – Please go ahead, leave is granted.

**Mr SOROI EOE** – Thank you, Mr Speaker. I hold today's *Post Courier* if the *Post Courier* is listening. I can tell you, I'm disappointed with this report. What was supposed to be an important occasion yesterday, in terms of supporting the governor for NCD and what he has presented and the responsibility that we as men have towards our mothers and our daughters.

In that context I raise issues which are personal but a way to talk to our young generation of leaders as well as our sons and our grandsons, and I'm really concerned with the headline that was carried today, if *Post Courier* listening.

Mr Speaker, allow me. To read sections of that *Post Courier* and this is subheading by Kramer calls for accountability in Parliament for gender-based violence. These sections are referred to after covering what I have presented. This section went ahead to say Mr Kramer acknowledged Mr Eoe for being the first MP on the record to publicly share his personal experience and regret over domestic violence. I have never perpetrated.

*Post Courier*, go back and understand the definition of domestic violence. It's a systematic abuse from one person to another for a very long time. That's what is domestic violence all about.

We want you to play your gutter politics, Mr Speaker, we need to do something about *Post Courier*. Let me further go and read another section of this speech and this is speech by honorable Kramer.

If it has been taken out of context and cons-crewed in this manner, I want to read this section. We have been given speeches talking about people outside being perpetrators, but there are many perpetrators in this House and have been in this House and will be in this House for years to come.

This is a very serious accusation. Are we? You know, this paper has carried this message throughout Papua New Guinea. Today, I woke up well but when I saw this news, I

was really ashamed. I can tell you; I send a text message to PM and I said I'm not coming to the Parliament today.

I have been married to one woman for 37 years. For me, that woman has passed on. She is one of the best people I have ever married. Best qualities of angelic qualities and I will never forget that every time I think about her. That's my personal experience.

What this paper implies is that I had continued to do that over some time, maybe up until she died. Never in my life. Never in my life!

I want apologies from *Post Courier*. I'm deeply concerned, and agreeable.

**16/07**

I'm deeply concerned and aggrieved by this reporting. The implication it has on me as a person and as a leader and on my family. Today I came out from the hotel and my head was down because I'm now wondering what other people are thinking after reading about me in the paper today. That's the type of implication that it has, *Post Courier*! This is stressful and completely misconstrued reporting. For noble cause to assist the issue that has been a challenge in this country for a very long time. Mr Speaker, what are we going to do about this gutter reporting by *Post Courier*? We cannot continue to entertain *Post Courier* in this House. *Post Courier* has responsibilities to report facts whether it's on the Floor of Parliament or outside of Parliament. It is your job to do that. You are of no help. Mr Speaker, I have a few recommendations:

(1) Bar *Post Courier* completely from this House.

(2) Reprimand whoever the reporter is, nicely described as staff reporter. Be man or woman enough to come out and identify yourself.

(3) On behalf of my dear colleague, Governor of Jiwaka, Honourable Simon Kawi, I demand from *Post Courier* to apologise publicly as of tomorrow onward.

Thank you, Mr Speaker.

**Mr SPEAKER** – Thank you minister for your statement. We have heard your statement and this morning the Chair made a statement and we've made a decision to refer the reporter and editor of the *Post Courier* to the Parliamentary Privilege Committee and the committee will deal with that.

**Mr WAKE GOI** – Sorry, I just want to say that the Honourable Member has received complaints and important issues from the electorate, so, it came straight to grievance debate and petition so I'm requesting a copy to address these issues as it hasn't come to my attention as yet.

**Mr SPEAKER** – Honourable Minister, it's not Grievance Debate so I won't allow this.

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

Motion (by **Mr Peter Tsiamalili Jnr**) agreed to –

That so much of the *Standing Orders* be suspended as would prevent (a) Notice No. 131, Private Business and (b) Order of the day No. 133 Government Business being called on forthwith.

**17/07**

### **VAGRANCY ACT 2024**

#### **First Reading**

Bill presented by **Mr James Marape** and read a first time.

#### **Second Reading**

Leave granted to move the second reading forthwith.

**Mr POWES PARKOP** (NCD) – I move –

That the Bill be now read a second time.

Thank you, Mr Speaker. Before I go in to talk about this bill, I would like to take this opportunity to thank all the honourable members of Parliament, the Prime and his Government, and the Opposition, for the unprecedented two days of special session that we gave to address the status of women and girls in the country and special action to end gender-based violence.

Mr Speaker, the debates were of high standards which exceeded my expectation so on behalf of my committee, I thank all the members, all the debates are noted and they will be incorporated into our report and we will continue to monitor them and hold everybody to account.

I want to also take this time to commend the Minister for Provincial and Local-Level Government for his leadership and personal testimony; it was a great statement for leaders coming to the Floor of Parliament, it takes leadership to make these types of statements.

Similarly, the Governor for Jiwaka, Honourable Simon Kaiwi, made an apology on behalf of his grandson, not of himself and he took responsibility for his grandson. That is very commendable. When we acknowledge these wrongs, that is when healing starts and we get on with life.

So, Mr Speaker, thank you for these comments and Parliament for this unprecedented. We have created history in our region and the world and we should be proud of that. We dedicated two days of Parliament time to address this agenda which is not easy and to bring us to this time and moment the Parliament should be commended. Yes, a lot is yet to be done but just acknowledging it and making a commitment is when the first step and we start to make the change, the change won't be easy but it starts with what we did in the last two days so I commend the Parliament.

Mr Prime Minister, I commend your leadership and members of Parliament, both in the government and opposition.

Mr Speaker, let me come to the Vagrancy Bill, as you all know security is a huge challenge for our country and indeed a big challenge for us in Port Moresby.

**18/07**

According to recent statistics, our capital city alone might exceed 1.4 million people. That's about one-third or almost one-quarter of our total population. Over the last 20 years, Mr Speaker, the population in our city has increased, but the number of policemen and women has remained unchanged. That is why we face many security challenges—we all know this. Across the country, too, we see tribal fighting, violence, and crime taking place.

So, Mr Speaker, the government—and all of us—must address crime at its root causes, whether social, economic, or cultural. We continue to do this by formulating medium- to long-term plans. However, the police on the front line must do their part to contain crime. Of course, they cannot change a person or stop someone from committing a crime, becoming a

criminal, or abusing alcohol or other substances. Police can't do that. But, Mr Speaker, they must do their job to contain crime and maintain safety. This will give the government and all of us—at the national, subnational, and district levels—time to intervene, especially to help our young people find a better, more positive path. We continue to work toward this in our city as well.

In the meantime, we must support the police. Mr Speaker, we already have tools at our disposal, such as the Criminal Code, the Summary Offences Act, and other laws. In the cities, we have municipal laws, building board regulations, physical planning laws, health regulations, and many more legal frameworks that we are responsible for. These are tools we can use to manage social issues, including crime and security.

Beyond that, in Port Moresby, for example, we have introduced other interventions. One of these is the City Wardens rollout, focusing on two key public places—Boroko and Gordon's Market. We aim to make these areas safe for everyone, especially for women and girls.

Many school children commute through these areas daily—those traveling to Nine Mile, 14 Mile, PAU, IBS University, De La Salle, Marianville, and other educational institutions. Koiari Park Adventist Secondary students also use these routes.

This year, Mr Speaker, honourable members, in our NCDC budget, we have allocated K17 million to ensure our city is safer. This is our capital city, and we cannot compromise on security and safety. We cannot allow criminals or irresponsible individuals to have the upper hand. We are doing everything we can.

We've also introduced another initiative called City Watch, which is dedicated to clearing major arterial roads and traffic light junctions of vendors. We care about our people and want them to have income-generating opportunities. However, the city is divided into zones, and there are designated facilities for everything.

If you want to do business, there are markets. If you want recreation, we have public parks and beaches. If you want education, schools are available. If you want to worship, churches are there. And for vendors, we have designated vending areas.

**19/07**

There are a lot of places for worship, so if people want to sell their wares, there are places for vending too. Recently, in the city sadly, we had an incident at the traffic light between BSP and Holiday Inn.

A woman was waiting at the traffic light to come on. While she was waiting for the lights to change, criminals masquerading as vendors came and grabbed her bag, and she had to give chase to these men. And sadly, she got run over by a bus. This is the challenge we face in the city and I'm sure it's a challenge faced in other parts of our country too.

Mr Speaker, honourable Members, we need other tools and I'm happy that the national government has given us K15,000,000. We have added K5 million. Thank you, Prime Minister, Deputy Prime Minister and Treasurer. Eventually, we've got it and we have to roll out CCTV. We will put many cameras in the city and there will be a combination control center, where these cameras will be watching all the hotspots and sending out a signal to a command-and-control centre.

We will have a quick response unit set up and our goal, while working closely with the police is that, they respond within 3 to 5 minutes. The camera will be backed up by Artificial Intelligence (AI). And AI will be monitoring all the cameras at one go, even on the big screens, it will not only show the visuals from one area, for instance; let's say there is an incident at 8 Mile but we are at 5 Mile. AI will switch the screen and cameras immediately and police who are monitoring the screen will dispatch the message right away.

The other benefit of artificial intelligence is that it will create a profile of known criminals in the city. I am talking about the city of Port Moresby but, in the country too. Some of us get ourselves involved in tribal fighting, sorcery accusations violence. There is so much crime around the country and if you post on social media, Ai will build a profile for you.

If they don't arrest you where you commit this crime, but if you come to Port Moresby, we will arrest you because your profile will be in our data. If you touch down at Jackson's Airport, we will be alerted right away.

We are therefore building up the capacity to ensure we improve safety and security in our city and right around the country. And those are mechanisms we are already putting in place. It's not our responsibility to be doing frontline policing and the Minister for Police is doing his best.

Mr Luther Wenge – Point of Order! My point of order, sorry with due respect to the Governor, in principle, I'm going to support your bill, if the speaker gives me the leave subsequently but, in the meantime, are you going to circulate the copy of your speech to support that bill as I have not seen a copy yet.

Otherwise; I'm listening, but I may be talking about irrelevant things and that is my point of order.

**Mr SPEAKER** – Honorable Governor for NCD, I am addressing the point of Oder, raised by the Governor for Morobe. Governor for Morobe, your point of order, is in order. The Governor wants to debate but he needs to present the bill and then, we can take it from there.

**20/07**

**Mr POWES PARKOP** (National Capital District) – Mr Speaker, I don't have a written speech but will speak of the cuff and hopefully can explain the substance of this Bill.

We are doing all we can with the support of the National Government and the Police Department with all our police personnel and I must say they are doing a great job but they are stretched. So, we either wait on the police minister or come up with initiatives to support him and so this is one of the initiatives.

Mr Speaker, this Vagrancy Act is one tool that I am presenting and that we can debate and it is available to us. I am not going to promise that it is a silver bullet that will address all our problems in the country but this tool is available to police and the municipal authorities.

Mr Speaker let me go on to the substance of the Bill.

Honourable Members, a similar Vagrancy Act was also addressed here in Parliament and it was declared by the Supreme Courts to be unconstitutional, because it gave unilateral powers to the police force to declare a person to be a vagrant.

The other problem with the old act was that it tended to focus on people who were unemployed or poor was a bit discriminatory and criminal. So, the Supreme Court in the 1980s declared it to be unconstitutional. Mr Speaker, the proposed Act that we present to Parliament makes a change in those two main areas.

Firstly, to declare a person vagrant we give the power back to the Courts who are more or less the neutral Body, especially the District Court. We don't need to go to National or Supreme Courts. This doesn't preclude all the other courts because part of the Bill is that if you are found guilty the police can ask the municipal Authority like Lae City Authority, Goroka, City Authority to apply for this person to be declared a vagrant.

Mr Speaker, the second difference is that we have focused away from unemployed people or loiterers and it generally applies to those who are criminals.

Mr Speaker, if you are not planning on being a criminal or staging criminal activities than you don't need to worry about this law. It won't affect you and apply to you.

But if you are involved in criminal activities then this law is directly for you and it allows the town authorities to exclude you if you are convicted of a crime and you want to take refuge in the cities you will be declared as a vagrant.

**21/07**

So, if you are supporting criminal activities like, if you are involved in drug running then we can ask the Court to declare you as a criminal also.

If you are involved in gun smuggling and giving to your tribesmen back home, when we pass this law, the National Capital District Commission can apply to the Court to declare you a vagrant because you are unfit to co-exist in such a multi-cultural, multi-ethnic community like Port Moresby, Lae, Goroka or Mount Hagen.

You should go back to your village and see whether you will survive. If you are engaging in these types of activities then your tribesmen and women will deal with you so that's the whole idea.

Honorable Members, I though you all will agree on it but if its not perfect then we can amend it later on but let's approve it first. Mr Speaker there is process to follow so it must go before the committee to consider. But if the committee decides to deliberate further by getting views through public consultation, then they may do so. But we represent the people so we can adjourn to next session and get the views from your people.

*(Members interjecting - No, we want it now!)*

**Mr POWES PARKOP** – I'm just suggesting it because of the procedure we can debate it now and refer it to the committee if we all agree on it. That's all Mr Speaker and members of Parliament.

**Mr SPEAKER** – Honourable members, it's the tradition of the Parliament that we have to, under *Standing Orders*. We will send this bill to the Permanent Parliamentary Committee on Constitutional Laws and Acts to deliberate on it first and report back to Parliament.

**Mr Garry Juffa** – Point of Order! I just want to make few remarks on this particular bill. Can we fast-track this bill and not sit on it because it's a very urgent issue? Many of us want to fast-track this bill as quickly as possible. Mr Speaker, can you assure us that they will attend to it quickly.

*(Members shouting)*

**Mr SPEAKER** – Thank you, Honourable Governor for your concern regarding this bill. It is important and we must fast track it. Yes, we can do that but we have to follow the tradition and practice of the Parliament for the committee to deliberate on it and report back to us.

**Sir Puka Temu** – Point of Order! Thank you Mr Speaker, my point of order is, I understand that this particular bill sat under your committee called the Private Business Committee for quite some time. And now you are referring it to another committee. Can you explain to the House why you are doing that?

Thank you.

*(Laughter in the Chamber)*

**Mr SPEAKER** – Thank you, you are asking a question to the Chair, but I won't answer your question now.

*(Sir Puka Temu – Why? You are.)*

**Mr SPEAKER** – No! Honourable Governor, I won't entertain your point of order again. The Chair has already answered your first point of order. The Permanent Parliamentary Committee on Constitution Laws and Acts...

*(Garry Juffa – When will it be ready, we want it now not any time in the next four to five years. It should be done next week or so!)*

**22/07**

**Mr SPEAKER** – Honourable Governor, your Point of Order is out of order. I acknowledge your concerns and everybody acknowledges that this is a matter for the country. Therefore, following the practices of the Parliament, this Bill must go to that particular Committee to go through it and bring it back here to the Parliament. If the Parliament wants to sit for another week or so, to handle this, it's up to the Parliament. But, now, the Bill has to the Committee so the Chair has made its ruling and that's it. I will not entertain another Point of Order again.

**Mr James Donald** – Point of Order! Mr Speaker, with due respect, it has been a practice by the government who are in numbers. They always come to dictate the House by using their numerical strength to push any bills. In like manner, can they apply the same strength to this very important Bill by suspending the Standing Orders? If it means now or tomorrow, they can suspend the Standing Orders and present the Bill. Can that be applied?

Thank you.

**Mr SPEAKER** – Honourable Member for North Fly, we are following the process. So, it will go through the Permanent Parliamentary Committee on Constitutional Laws and Subordinates to deal on this matter and bring back to the Parliament.

Thank you

## **CONTINUATION OF DEBATE ON THE BILL THAT WAS TABLED YESTERDAY**

**Mr GARRY JUFFA** (Northern) – Thank you, Mr Speaker. I want to acknowledge all the wonderful Sepik people who are in my province contributing significantly.

Mr Speaker, I wish to lay support to this Bill. I believe it follows on from the work carried out by the Late Sir Naguri Bogen and his tax review committee, to which I made some contributions.

**23/07**

I believe in that committee was also the honorable Member for Rai Coast who was at that time not elected into Parliament, Honourable Kessy Sawang, reached out to me as a

former employee of the IRC having had some experience in that organisation and with matters to do with taxation, I made my contributions accordingly. I just have a few points that I want to state here which I hope will be taken note of and will be acted upon and there are as follows.

In regards to the subject of taxation, I wish to commend the Prime Minister and the Marape-Rosso Government for declaring that there will be no increases in taxes or increase in the rate of taxes however, we should seriously consider lowering the tax rate for companies and individuals. We have one of the highest tax rates in the region.

It's very oppressive and normal that the philosophy is such now that we are encouraging taxpayers to voluntarily turn up and pay their taxes. Taxpayers are very reluctant to pay their taxes because firstly, it's so high. They do so but reluctantly. There are those organisations that do so because they have to because it's in their organisational mandate. They have boards and such that require them to do so, so they really have no choice and often we aggressively pursue these companies.

The subject I want to speak about is the bad taxpayer. There are a number of those. These bad taxpayers don't pay their taxes and they have very elaborate tax avoidance schemes they operate in our midst and they are thriving, building empires and funnelling most of their proceeds off shore and building empires over there too.

Many of them operate as cartels and they do very well in this country raping and plundering our resources at will and whim with very little attention from the tax office, it's as if they're untouchable. In many instances, they are declaring losses after losses but they've been here 20 to 30 years still building empires and then they're now moving into other business activities. Real estate for instance, now mining even carbon trading et cetera. These are the people we need to aggressively pursue.

The tax office needs to develop an intelligence-driven effort, which was the case some years ago. I think they've gone off track a little here I would like to say. An intelligence-driven effort where you identify the bad taxpayers and pursue them rigorously using the amazing powers that are contained in the *Income Tax Act*. Very powerful laws exist whereby you can determine exactly how much an individual or organisation earns in profits and tax them accordingly but we are pursuing companies that are genuine in paying their taxes and we are making life very difficult for these companies to operate. That's one point I would like to make regarding the efforts of the IRC.

I also believe that there was the proposal that a board is necessary and I think that's a great idea. A board is necessary. This was proposed during my time while I was working in the IRC in the Customs division at that time. The Commissioner General at that time was Mr David Sode and he had brought this idea that there has to be a board. A board that will oversee the development of policy for the IRC, liaise with industry look at what's best practice in the region and the world, and provide oversight so that pursuing taxpayers is not arbitrary or it's not selective. It's done fairly.

That's my small contribution regarding taxes. I feel that my number one recommendation is that we should seriously consider lowering the tax rate for income taxpayers, especially individuals. I believe it's 35 per cent for Papua New Guineans and anywhere between 42 and so per cent for expatriates.

**24/07**

Expatriates earn sufficiently, so leave that alone. But I would say for Papua New Guineans, we should reduce it, and I would like to propose 10 per cent, and it's the same for companies.

Papua New Guinean companies, if you want them to pay taxes, perhaps develop a law that'll allow them to have a tax holiday for, let's say, five years whilst they establish themselves. And then the tax office should have a board and should be intelligence driven in its efforts to go out there and take on the bad taxpayers. And they are bad taxpayers out there. Many of us know who they are. They operated will and win.

In this country, they virtually recolonized us and we seem to ignore this fact. They run this country in many instances, I would even like to wear. Why are they so untouchable?

Thank you.

**Mr KERENGA KUA** (Sinasina-Yonggamugl) – Thank you, Mr Speaker. I acknowledge the initiative taken by the Treasurer to reform a very old ancient law that has seen its genesis back to 1959. That's a long time ago so, we thank him for that initiative.

We on this side haven't had enough time to look at all its implications and, conduct a full-blown debate on the Floor of this Parliament, but there's two limited points that I just want to flag to make sure that we are doing the right thing.

The first point, I want to raise is about *section 28*, of the draft bill. What that section says in effect, is that as soon as this law comes into operation, it will override any other law, that contradicts it. That's what it says about, our resource project agreements,

Mr Speaker, for resource projects like mining and petroleum, what usually happens, is firstly, you appoint a state negotiating team to enter into a negotiation with a developer for a proposed project, they negotiate to and fro, and in those negotiations, they touch on the fiscal regime that will underpin the project. And that always invariably includes the taxation regime that the State on our side proposes to impose on that project. That is debated to and fro between the developer and our State Negotiating Team (SNT), and once they reach an agreement, they sign a project agreement. It can be a mining agreement or it can be a petroleum agreement, which includes a gas agreement and any other resource.

Now, once you have signed an agreement, what some of these projects do is that they propose to the State, and that's also part of the agreement, that that agreement should now be legislated into law.

So, Mr Speaker, you will recall, in the PNG LNG project, there are several fiscal stability agreements acts, maybe eight or nine of them, that after the signing of the agreement were brought into this parliament and, legislated into law. And the same thing you will recall has applied recently to the Papua Gas Agreement.

Now and they have their own effect and consequences, and the developer and the State, all of us are now following those legislated fiscal stability agreement acts. What this section is say is now saying is that once this law comes into effect, you can forget those all those other legislations in the case of a conflict between the two.

Now, when we sign all those fiscal stability agreements and later, they'll legislate them into law, this kind of thing was never envisaged.

**25/07**

It is anticipated, and it is the agreement, and it is legislated by this Parliament, that that stability arrangement will have the force of law and remain in existence for the life of the project. That was the intention. So, my concern is, and I'm not objecting very violently, but it's counselling to our good, hardworking Treasurer if we could look at that and see how it impacts upon the existing legislations, both in respect for PNG LNG, which we rely on in a

big way to underpin our economy, our revenues every year. The Treasurer will admit to that. He relies on the revenue from PNG LNG in a big way. We all do.

Very soon, we want to see Papua LNG also move into construction and revenue generation under that legislated fiscal regime that we as Parliament have agreed to. Now, when we do this, it can become the subject of controversy between the developers and ourselves. And we don't want to create this kind of uncertainty and instability. They can even take us to court or maybe take us to an international arbitration, which costs a lot of money to defend, but at the same time, we lose our credibility as a foreign investment destination. So that is my concern. I flag it.

I would ask through you, Mr. Speaker, the good Treasurer, to seek advice on the impact of section 28 on all the existing fiscal stability agreements in relation to PNG LNG and Papua LNG and any other project agreement, maybe even Porgera. So, he needs to have a look at that to be comfortable that we're not breaking our own laws in passing another law and bringing them all into conflict and embarrassment for us as a state. So that's my first point.

The second point I want to raise is on a matter that's been touched by our good Governor, Honourable Garry Juffa, already in relation to the board. I've always had an aversion to state-appointed boards and that means the NEC. Appointed boards always get drawn into our political whims and fancies and demands and so they always end up being compromised and underperforming.

It's good to have a board to oversee people like the IRC commissioners, but I would support it if this board was independently appointed, not by NEC, not by the government, but by an independent body. And I want to emphasise here, we should not be afraid of delegating our power to appoint to an external independent body of learned men and women, to take the responsibility of appointing such a board.

I've always said the same thing in respect of, let's say, Kumul Consolidated Holdings. I've always said the same of all state-owned enterprises. We have been appointing the boards and the managing directors to those institutions and their examples to illustrate the point about IRC boards is that we've been appointing these boards for quite a long time now, but they've not been performing. There must be a reason why they are not performing. And I have always said that it's got to be attributed to the source of the appointment. They are looking backward all the time instead of looking forward and doing their job. Somebody is pulling their leg all the time, so they are not climbing. So, when it comes to a situation like

this, I think we owe it to our people to be sincere, to look at a different pathway, hopefully, a pathway that can give us more results. And it's not the first time this will happen.

We've already done it. Sir Mekere Morauta has done it in his time when he reformed the Superannuation Industry. The critical part of the reform he carried out was that the boards and the senior management of those superannuation funds must be appointed by an independent body of men and women. And low and behold Mr. Speaker, their success is more than world-class. It's an amazing success for the superannuation industry. All you have to do is talk to Nasfund, Comrade Trustee, and Nambawan Super because those boards are independently appointed

**26/07**

They do not report to any Nope Minister, nor do they report to the Prime Minister, but the results are there. Our employees, our public servants in the private and public sectors, the Defence Force, the men and women, are making an incredible rate of return on their savings every year.

At one point, I know, for example, that the superannuation industry declared a 33 per cent interest on savings, and if we had 100,000 savings in your account at the end of that year when interest was credited, they got 33,000 on top. That is evidence of success, of a certain kind of management, appointment, and arrangement outside of their politics.

So, we support the Treasurer that if you want support he can have it, but it would help his cause if he could also go one step further to say, such a board must be appointed not by Cabinet and not by this Parliament but let us delegate it. Let us trust our people.

It is not 1975 anymore, this is 2025; fifty years on. And we have a lot of very educated learned Papua New Guinean men and women out there, let some of them come to sit on the appointments committee to appoint the members to these boards and I believe they will give the Treasurer the kind of success that he wants to see, thank you.

**Mr LUTHER WENGE** (Morobe) – Thank you, Mr Speaker, for giving me the lead to speak on this very important bill, presented by the Treasurer.

Mr Speaker, with due respect, I had a copy of the bill but didn't have sufficient time to read the bill to satisfy myself with its contents of that bill at the moment, then if I would have had enough time to read; but I would like to contribute to the debate for or against what is stipulated or embodied in the bill which has been circulated.

But on the surface of it, I would like to contribute in this way; firstly, concerning the income tax and usually the word income tax means, tax on the earnings from people who are either working in the in the company or working in the government? And that is the tax from the employees.

So, let me begin by making a speech on the income tax of the people. This country is currently facing a very difficult time, where the Kina continues to fall and the prices of goods continue to rise. While the pay or salary of our people remains the same and families are facing hard times; whether they are working with the government or the private sector.

These earnings are then distributed or used to care for children and grandchildren, I say grandchildren because this is in our Papua New Guinea culture. We don't just work for ourselves but we work for our extended families too. And these include clan or tribe and political supporters if you're an MP.

And that regard any increase concerning the income tax will be unreasonable with the current circumstances of this country and have to be very mindful of the condition of our people. These are the very people who give us the mandate to be in this Parliament, and we should be demonstrating to them in an honorable way.

Whatever law that we introduce here, we must have a deep consideration towards the lives of the people who give us the mandate to be here in Parliament.

**27/07**

Mr Speaker, if there is any proposal to increase the income tax, this would be unreasonable. I live in the settlement and I see that the lives of our people are very difficult today. They can't afford a parcel of rice for the day, even the working-class people employed by the government and company. They are getting paid but taking into consideration the kina devaluation and inflation is a huge burden for the people who are working.

And so, if there is any increase in the income tax for the people who are working for remuneration, then it will be unreasonable in the circumstances of this country at present.

Mr Speaker at the same time, we must respond to the taxpayers, for instance like Lae, it is an industrial city with many people working in the industries and for the government as well.

Mr Speaker, we must be reasonable and fair. I have been fighting the tax law since the government introduced VAT to this Parliament and passage. I was a lone fighter for the interest of Papua New Guinea because the circumstances haven't changed and still exist. We

have to ensure that whatever tax we charge has to be reasonable and we must return it to the taxpayers.

In Lae for instance, I want all the Lae city roads to be in concrete. I know colleague members will support me because many people working there pays income tax to the government. We need money; therefore, I have been fighting for a 100 hundred per cent land tax for Morobe Province.

It's not only the city people paying taxes but the people in rural areas like Menyamya, Kabwum, and Nawae. All those people come to Lae to sell their coffee and other goods after which they buy things from the store. Therefore, it is rightfully fair that we must return it and that is why I have been raising these concerns but to deaf ears.

Mr Speaker, let's take it into account the due consideration to identify people who pay more tax because it will benefit the rest of the country.

That is why, I signed an agreement with late Sir Michael Somare and beat the government in the Supreme Court on tax, VAT. We signed an agreement and I proposed a solution that is to set 60-40 sharing.

But Mr Speaker, that 60-40 sharing was not fully implemented. The IRC officers came up with a formula to split this money. It should be 10 per cent; three per cent to the province and seven per cent to the State but in fact, they came up with a different formula giving the provinces less than three per cent as stated by the law. What they formulated is not by the law, it's by the policy. I hope that it is rectified in due course.

Mr Speaker, so those things happened but the point is, we have to return the money to the taxpayers. If a company in the province is paying more tax, return to them whatever we collect. If several people in the province are paying more tax compared to other parts of the province, of course, we are not forgetting them but we will take due consideration.

Pay to them so they will continue to survive; for instance, like in Lae, companies must continue to survive to collect tax and contribute to the public purse of this country. That must happen, so the Minister, must take note of this. Make sure that you give us 100 per cent in land tax and you can get the corporate tax.

**28/07**

We make sure that you give us 100 percent inland tax, you can get the corporate tax, company tax, and so forth.

But give us 100 percent inland tax, so that I can build a road from Kabwum to Garaina and down to Saidor. If you travel to Lae City along the Markam Valley, think that Morobe Province is flat like the grassland of Markam Valley. But it's not, our rugged mountains are higher compared to the mountains of Sinasina and Gembogl.

All the mountains of Morobe Province are higher and we are right up there and you all are down there. The only mountain higher than our mountains is Mount Wilhelm in Simbu Province. We have all these rugged mountains that is why people are really affected in service delivery.

Thank you, you give me 100 percent so I can make sure the infrastructures are in place for more companies to invest in this country. In that way it will generate more tax and at the same time increases the revenue collection for the national government and help rest of the country.

Concerning the charging of the income tax with the corporate companies depends on where the company is operating.

Mr Speaker, I hope the Ministers will take note and be fair to them. This country is a country of tax and increase in prices of goods in stores.

For instances, if you travel from Philippines to PNG is less than you travel from PNG to Philippines. Or even in the United States when you travel from one State to another is much cheaper but to travel to PNG is very costly.

And Air Niugini is operated monopoly and no other airlines competing with Air Niugini. We do have other airlines like Airlines PNG but most travelers prefer Air Niugini.

Therefore, given the circumstances of the life of our country, people are forced and to some extent sacrifice to move. We have to be fair on the genuine companies who are coming to invest in this country.

Don't try to tax them heavily and prevent them from investing here because we need employment and we are not creating enough employment. Yet we criticize Chinese people are really bad. And call them names like 'kong'. But they are operating businesses in place like Finschhafen, Sialum and Bulolo and they know how to do business. And they know well the needs and wants of local people back home.

If you go to Sialum and chase them out the local people will protect them and chase you with axes and you will jump into the sea and sharks will attack you.

They love them so we have to be fair to every nationality coming here to operate their business. We need the services that we require we can't provide but they can so we have to

make sure they do their business. In that way PNG can learn from them also, we didn't know how to operate a trade store, transport services, and so forth were not in us. We lived a different life like gardening, hunting for animals, and going fishing to collect our daily food.

Therefore, we must make sure we don't increase the tax on foreign companies. And of course, they are here to make profits for themselves. But they will help boost our country's economy.

I hope Minister you have considered this point as an important factor in the bill you presented.

**29/07**

Mr Speaker, you are an intelligent and learned person and I trust you completely. You are the best kind of business, not every business but business of drafting budget and coming up with tax law and all of those things. You are the most fit and proper person.

I hope that others may have their different view and that's their right, but from my humble judgment, you're the best kind of business. So, I hope that you would take note.

Concerning the board, I would support the Member for Sinasina-Yongamugl, my learned lawyer and friend over there. In relation to the board. I think the IRC is the best at the moment. They're performing but one-day thing that they complain about is that we're giving a mammoth task to collect money from the people, companies, and whatever to give it to the public wallet and we are in the business of spending, we're not in the business of making money.

They are in the business of collecting the money for us, but they haven't been complaining about their houses in the districts and provincial headquarters for their staff who are working day in and day out to make sure that they collect the money. They haven't been complaining so I hope that the honorable Minister will put some money to help them fix their houses, transportation, and other issues in all the provinces and districts of this country. I hope you will do that, but otherwise, they're doing an excellent job.

I thank the government for reappointing the Commissioner General, Mr Sam Koim back because he's proven, fit and proper person as a tax collector of this country.

I thank the Prime Minister and the National Executive Council for reappointing him to continue his job as the Commissioner General of IRC. He did a good job, we live with him, but as I have already stated, comply with the law in relation to GST. Comply with the law

and you get seven per cent and send three per cent, not a formula or not the amount by the formula, but the amount by the GST law.

In relation to that, sixty-forty sharing, you make sure that the provinces get sixty-forty. For a province like Morobe, we are supposed to get sixty per cent of the money. This is because we have a difficult problem which I've already placed in this Parliament.

Mr Speaker, in regard to this matter, strictly follow the law, but the IRC with the leadership of Commissioner Sam Koin, is doing an excellent job and we should keep it with the IRC.

With due respect to the board, there could be; with what my learned lawyer and Member for Sinasina-Yongamugl have said, they could be a manipulation by the board. If the support of the government is there, they can be easily interfered with. It is not the objects or the birds that appoint these boards. It is the human beings that appoint the board and these human beings are not ordinary human beings, they are the politicians that appoint them.

So, bad influence can contaminate their mind and they can make a wrong decision so I don't think we should have a vote. Let's leave the job with the IRC to do every collection and actually they would do the job.

This will also protect you, if there is an allegation against you, Prime Minister for appointing for instance, your brother from Tari and if something bad happen, people will criticize you. That is why I said we must remove board and we must not support the board.

**30/07**

Let's not support the board instead let's leave it with IRC to do this job and make sure that the tax we get is a reasonable tax and not a tax that's going to create hardship in the life of the people who are facing difficulties at the moment as we speak. You see, when I got elected, I'm not sure about other electorates but they think I'm a millionaire by virtue of my election, I have thousands and millions in my pockets.

Every day while I'm still asleep, they come and ask me for money. I tell them that money does not grow on trees and falls like the leaves. The tax law must be relevant with due consideration to the lives of our people. Of course, we will encourage the investors and we must also have consideration and be fair to the investors. It doesn't matter where he comes from as long as they're genuine, creating employment, and providing the services we can't provide ourselves, allow them in. Thank you, Mr Speaker.

**Mr DOUGLAS TOMURIESA** – Thank you, Mr Speaker. I'm happy to see you back in your rightful place and controlling our House now. Mr Speaker, I want to speak a little on this tax issue. I'm not an expert when it comes to laws or money plans however, I feel that I can speak to appreciate this Bill that is presented before us.

Mr Speaker, first of all, let me thank the Treasurer for your wisdom or the government's wisdom, we can't give you so much praise sometimes but we can give some appreciation for the hard work that you have done and placed in bringing this Bill before Parliament today. You can't have successive government after successive government and ignore a law that is more than 40 years old. Things are changing in this world and they are changing very fast.

Medicine such as penicillin was administered to us when we were children and now you won't find it anymore because things evolve. Life moves faster than you think and this Bill that you brought here is a Bill that is long overdue for the benefit of this nation. For me to sit down and hear my colleagues in the Opposition, Member for Sinesine talk on this Bill and being a very learned lawyer understand that he can pick up something within this Bill, of which you only gave us 24 hours to read.

I think sometimes, like before that, we were talking on the paper that was brought before us by the NCD Governor. We showed urgency in this House that we must do this and do this now! Here we have another paper that has been presented by the Treasurer for the urgency of us fixing laws that are so old and yet we kept on using them up till today. Now we must change some laws so that we can cover some loopholes that others use to infiltrate into our systems. We complain in this House that our citizens are complaining that foreigners are coming in to utilise our laws to spoil the country but when you look at the crux of the matter, it needs us leaders to be proactive, rise and fix those loopholes or those gaps that we have left wide open for too long and will be 50 years old in a few months and close them up so all those who come to use those loopholes see that they are now closed, Mr Speaker.

**31/07**

Mr Speaker, I am glad that we are debating this bill, but the Treasurer, needs to tidy up the whole tax system, we have in the country.

Whatever decision that leaders make in this Parliament, the end users which are our people must benefit from the changes that we make. The changes that we make in the law for our country in this very Parliament, must be firstly for our people.

Mr Speaker, in our country Papua New Guinea, we think that we will make more money if we raise taxes on commodities, products, and consumables.

Mr Speaker, we must be very careful because when we want to make more money, we must empower the people. If you want to sell 100 toilet papers, and you price it at K5 per toilet roll, do you think people will want to buy it? No they won't. But, if you reduce the price to 50 toea, and you put 1000 toilet papers out to sell you have given buying powers to the consumers and they will purchase everything.

And, so when we want to make laws in our country, we must consider our people. We must take the buying power and give it to the people; the more power you give to the people the more benefit you bring to the tax regime.

Mr Speaker, our country is already a very highly taxed nation. You look around and you can just tell that our tax is one of the highest in the world.

Mr Speaker, if you want to bring in more investors to our country, look at our tax regime?

And, I would like to encourage the Treasurer, that I want to give you my support to wholistically, look at our tax regime.

I hope that with the benefit of this law being passed; the amended tax laws, you can come to us in October and November, with a new bill and say, yes, we have reduced the tax. Maybe, say that you reduced the GST tax from 10 per cent down to seven per cent, so that our people can be at ease and when they go shopping, they can buy more food.

This is just a proposal to you and the Treasurer, is a very learned man, he knows what is best for our people.

Mr Speaker, the cost of living in our country is very high, we the members of Parliament, know because we have plenty of responsibilities.

Today, I heard someone say that my president council passed away, and the other councilor passed away, and another person also informed me that my priest also passed away. These responsibilities fall back on us. How can we help and assist our people through these laws that we are passing so that the end benefit goes to them?

Mr Speaker, I would like to conclude, that double taxing and taxation of some industries in the country have to be closely monitored and watched by the Department of Treasury.

**32/07**

As a customer, I went down to buy this timber. I also paid the tax. So, there's double-taxing in some industries—please, government, take a closer look at this and let's fix these taxation laws.

Let me finish by pointing this out. We want to export more agricultural products, and the Prime Minister keeps on talking about agriculture. The government keeps on talking about agriculture being the backbone of this nation.

Fertiliser costs are so high. Fuel costs are so high. What will happen if we reduce the cost of these products, like fuel and fertiliser, and encourage more agriculture so that more exports and more money can come into the country to help our people?

Mr Speaker, as I've said, our nation is one of the nations with very high taxes. It is one of the most highly taxed nations. When we look at the development of our tax laws, and when we look at our tax experts, and when we consider amending our tax laws, I am happy.

Once again, Honourable Treasurer, thank you for bringing this bill. I hope this bill will assist you in your efforts to make Papua New Guinea a place where investors will be eager to come and invest. And I hope that in your endeavours, you bring down the cost of living so people can enjoy life—not just anywhere on earth, but here in Papua New Guinea. Because I love this country, Papua New Guinea, and I would like to see our people enjoy the benefits that each government provides for its citizens.

Thank you.

**Mr JOHN ROSSO** (Lae - Deputy Prime Minister) – Thank you, Mr Speaker, for giving me the space to join this debate.

First of all, I commend the Treasurer for the good work in bringing in this bill. This Income Tax Bill of 2025 is long overdue. It was there, and I quote, it's a historic bill, as you have said. This new bill will completely replace the *1959 Income Tax Act*, enacted 66 years ago.

So, commendations are in order. It's an important historic bill that needs to be amended to make sure that our tax laws are appropriate, that our tax laws are conducive, Mr Speaker, and that our tax laws are beneficial while closing all the loopholes that exist in our current system.

Thank you, Treasurer, once again. After I commend you, Mr Speaker, I must point out that no new taxes are being introduced. This tax bill is designed to close many of the loopholes in our current system, simplify it, make it easier, and make it more business-

friendly while ensuring that the government can collect the proper taxes imposed by law on companies and individuals.

While we are doing this, let me remind us all—government, Parliament, and especially bureaucrats—that while we amend tax laws and collect taxes, which are essential functions, Mr Speaker, for running any organisation or government, the taxes we collect should be used wisely. They should improve the lives of our people, create a good business environment, and ensure that companies that invest and the people who pay taxes receive the necessary support in the form of good infrastructure, quality health services, and other essential government responsibilities.

So, with this *Income Tax Bill of 2025*, Mr Speaker, I am very happy to support this bill that the Treasurer and his team, along with the IRC (Internal Revenue Commission), have worked hard to bring to the Floor of Parliament.

May I also remind Parliament and our people that this government recognises the need for lower taxes for many of our citizens? And I want to remind everyone that we have already taken steps toward this. We have introduced an exemption for the first K20,000 of income for our lower-income earners, Mr Speaker. That is nearly K200 million that we have removed from the national government's consolidated budget in income tax collections.

### **33/07**

Budget consolidates budget from our income tax collections, and allows the average person to be able to not pay any tax from his wages up to approximately K700 per person. So, if you are earning a wage of K20,000 equivalent or below you won't pay any tax, and that has been in existence since the COVID years as a sign of our g for their survival in these very hard times. So, we do recognize that and we do make certain that we find ways to alleviate some of the hardships that our people are facing. Thank you to both sides of this House that passed this bill and thank you for all your support.

Mr Speaker, thank you, and I quote again from our good Treasurer, the fundamental aim is to modernize, to simplify and to consolidate our old debt. The numbers or sections of these tax law has been amended to make it easier make it more conducive, be able to interpret from 369 sections down to 165, so it makes it easier for businesses to utilize and it also makes it easier for taxpayers to read, and also for our accountants to read.

A lot of times, having been in business myself and understand it, a lot of businesses sometimes when you have a really good accountant, you can do a lot of transfer pricing the

accountant, the that you can be able to do to avoid tax within the legal confines of that space and the ability is there. So, by dropping the number of pages and the number of contents of this, it makes it more accessible for our IRC and our Treasury to collect the appropriate taxes and also shut down loopholes that allow and enable illicit activities to thrive.

Mr. Speaker, this is transparency and simplicity. Whilst we look towards a balance of improving conducive businesses for our people. We also must look at things like what we have here. Things like what we do for the whole of government, things like what we do with the SEZ, for any government, any place to operate successfully, you need to make improvements and you need to make conducive business available. You need to make certain that we have the environment and it must be conducive for people and businesses to thrive.

If businesses, as quite rightfully pointed out by the good opposition leader, is that if we don't have a conducive environment, to thrive in then businesses will not come. I also commend our good Trade and Industry Minister and the government for also bringing the SEZ. And in many areas, we are now setting up examples of this SEZ starting to operate and starting to move forward.

But we need to do more as the government and we appreciate that fact from both sides of the House. We need to ensure, as we have said and we are waiting on it, to ensure our law and order thrive so our business can operate safely for our people and businesses here in Papua New Guinea. In our country, we have a lot to offer as our good opposition leader pointed out, Papua New Guinea is a beautiful place with a lot of attractions, but we need to have a conducive environment, and that conducive environment rests on the shoulders of both sides of the House; our bureaucracy and appropriate things like; amendments to legislation and what our good Treasurer has now brought forward, like the *Tax Act*, to ensure that businesses will continue to thrive and our people continue to thrive in our beautiful country.

Mr Speaker, I also note the conversations on ensuring that we drop taxes and I agree with that. We need to drop taxes too as we are one of the highest-paying tax brackets in our part of the world. And for us to drop taxes, we need to improve the efficiency of collecting taxes.

Firstly, we need to broaden the spectrum to ensure that we capture the illegal ones, those who avoid tax to pay tax. And once we grasp those illegal things and people, which is on paper now. So, we capture illegal tax avoiders and then we can be able to drop the tax for our average citizens and the hard-working people and businesses.

**34/07**

We can then be able to drop that tax for our average citizens and the hard-working tax payers we have.

Mr Speaker, it's an obligation that the government is working on it to table shortly. We have to ensure that we can close all the loopholes and to know that we are targeting all the illegal tax avoidance players in this regime and then we work towards reducing taxes for our people.

Mr Speaker, I would like to say once again to the Treasurer and Government as a whole and I support this bill and relevant amendments.

Thank you, Mr Speaker.

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.

### **Message from the Governor-General**

**Mr SPEAKER** – Honourable Members, I have to announce that I have received a message from His Excellency, the Governor General, dated 18 March 2025 recommending the imposition of taxation in accordance with *Section 210* of the *Constitution* in so far as the Bill relates to and provides for such imposition.

### ***Third Reading***

Leave granted to move the Third Reading forthwith.

Motion (by **Mr Ian Ling-Stuckey**) proposed –

That the Bill be now read a third time.

**Mr KEITH IDUHU** (Hiri-Koiari) – Thank you, Mr Speaker, I stand today to make some remarks and also support and welcome on behalf of the people of Hiri-Koiari, this amendment to the *Income Tax Act*.

Mr Speaker, you see the remarks, and whilst this Honourable House is not at the full benefit of reading the entire legislation. I will rely on the honourable words of the Treasurer in his speech. His remarks were recorded in the *Hansard*.

This bill simplifies the 1950s *Income Tax Act*. Simplifies the application and implementation of tax law not only for business houses or industries, but also for tax practitioners; lawyers, accountants, and the general environmental business and the ecosystem where tax revenue is relied upon to finance State activities.

That more often not than complain about, so this I commend the Treasurer and his team at the Internal Revenue Commission in bringing this long outstanding review to the Floor.

In saying so, there are a lot of very important matters that are glaring, hence, jumped out of his speech. But one particularly important aspect of the policy of the successive government has been to improve or increase downstream processing and to create new jobs.

I noticed that in *Section 123*; an emphasis has been placed on the agriculture industry to be better off as a result of this reform. In addition to that, there's a promise that there'll be an improvement in the fishing industry which can then immediately claim a 100 per cent tax deduction.

**35/07**

This is welcome; to have great jobs, you need foreign direct investment.

But for foreign direct investment to come in, we need to incentivize them, and we cannot be incentivizing on a piecemeal basis. But to set benchmarks like this, and make it a very loud noise to the entire world and region that Papua New Guinea is ready to take on investment. It cannot take investment if the taxing regime is onerous, and it is going to be laborious, tedious, or even expensive to set up.

The idea is to bring factories and plants onshore to attract investment onshore. This will complement the SEZ Policy that the government wants to drive. And I hope this is going to promise more jobs for Papua New Guineans. Like everything else, there is always, the creation of law is very easy.

Implementation, of course, and the governance of it is what is the labor and the tedious aspect of rolling out these grand visions and ambitions of the government. So, I am certainly encouraged to see the marine resources improve and the agriculture sector going to win on this one.

Mr Speaker, this legislation that is going to make life much easier for small businesses. It will lower the tax thresholds and it will make it even more compliant and easy to comply with. This has to be the work of the government.

Many times, the government wants to descend into industry and take on huge capital expenditure when it really shouldn't. We need to do away with the government taking on capital works too much.

But if we are smart enough to create a regime that will induce, invite, and entice investment, in the clawback then they gain. Everybody wins, I hope this is going to be the case as we move forward. But in addition to the matters, I welcome that these amendments can be, if there are amendments that should be done before January 2026.

Mr Speaker, the Treasurer, and his team might do well to also consider the capital gain tax aspect of this bill. For it to be successfully implemented in PNG, it will require careful planning to avoid unintended negative effects.

This agenda can likely draw away and have the opposite effect of what it's really intended for. And these are the areas; PNG must define what types of assets will be subject to capital gains tax.

And these considerations should be amongst others; (1) Real Estate should only apply to properties in urban areas, or should rural land also be included? And then there are shares and securities market. Will stock market gains be taxed? It's average mothers and fathers who are investing on the stock market want to have a reassurance. Yes, there are business houses and there are corporates. But also, the mums and dads who are investing.

And if so, how will this tax be structured to avoid discouraging investment? We want to draw and bring in investment. Then there is of course, the business sales aspect of things.

Should corporate gains tax apply to business transfers, mergers, and acquisitions? What will be the exemptions? Are there going to be exemptions for primary residences, inherited assets, or small business sales?

The people of Hiri-Koiari have a well-defined scope that will prevent unnecessary burdens on small landowners and businesses while ensuring that wealthy individuals and large corporations contribute fairly. We will share the tax burden.

Mr Speaker, fixing this regime, again, is one thing, but the tax entities that are going to be taxed is also the other part.

And while I welcome this amendment, I want to encourage food for thought.

**36/07**

The tax base is now overdue for increase and to do that, we've said time and again, that tax and our laws in this country should be inactive for the benefit of our people of Papua New Guinea primarily. There are many ways we can do this. One particular manner is to formalize the land. Land formalization is implemented and reform is brought forward, it'll automatically bring into the global economy the average Papua New Guinean, mom and dad, clan, and the household.

So, you not only taxing those who are doing business or practicing business to create an income and the tax version is not just limited to our foreign direct investment, but even onshore Papua New Guineans to carry the burden of growth.

We need all to share the burden. It cannot be lumped only on one, two or three sectors. We always talk about the big forestry transactions. We always talk about oil, gas and mining. We always talk about all these big industries and very solemnly forget. This is the mentality that Papua New Guineans and every citizen must take on the responsibility of creating the environment that we want to live in the future.

To do that, we must participate just as much as we sit on the sideline to throw stones and want to be included, we need to roll our slips up and Papua New Guineans must get into the habit of work. But to get there, the environment is the possibility of the government to create a conducive environment that creates jobs.

I am encouraged to see that this law has great potential to create the jobs that Papua New Guineans need. I certainly hope that we will have the tail end of this year into January to include some of these amendments or propositions. One such proposition could be the carbon taxation regimes.

Since independence, and as the Honourable Member for Sinasina-Yongamugl has stated in his debate, resource projects usually quarantine the negotiations of fiscal provisions of a project.

Sometimes, many of these agendas are precluded from negotiations because of party's own consensus and negotiation agenda that are limited only to the parties in the room, but Papua New Guineans as we progress into an industrialization in an industrial state benefiting into growth, the carbon agenda cannot be understated and cannot be overlooked.

The environment we live in will not be the same in the next twenty to fifty years. As you can see, there is a lot of immersion of people coming in from all over Papua New Guinea into urban centers or moving around looking for jobs. We need to be responsible citizens of

the globe in terms of managing our carbon footprint and to take advantage of that as a specific commodity and resource.

Honourable Speaker, with these few remarks, I think the Chair for giving the people of Hiri-Koiari the benefit of speaking because even in addition to all of these other industries, you have the tourism industry. Papua New Guinea has so much growing concern in terms of tourism, but how can Papua New Guineans participate in this well-spoken industry and sector? When do we not include them in the business world where they cannot even enter? You are already afraid of paying taxes. We should be a tax-friendly country and Papua New Guinea should love to pay taxes if the right and fair amount is put in print and there's nothing left to guess for and we are not pensive and afraid of participating in the global economy. We should be inclusive.

With these few words, Honourable Speaker, thank you kindly once again.

**Mr SOLEN LOIFA** (Menyamya) - Thank you, Mr Deputy Speaker for reorganizing the people of Menyamya. In support of the Treasurer's bill, the people of Menyamya would like to make our contribution in regards to this bill. We support the Income Tax Amendment Bill 2025, presented by the Treasurer.

**37/07**

It's a good Bill that the Treasurer has brought to the House. There are so many good things in support of this Bill that the leaders have spoken on, one of the things that affects this country is our people who earn wages and salaries. They are highly taxed in this country and they carry the burden and most times are crying to the government to look into this issue.

How do we encourage our people, our teachers who go into the remotest parts of this country, our health workers, the face of government serving those remote and rural places and islands, carrying the burden? The government gives them the work and tells them to serve while on the other hand, we tax them highly. How do we compensate them?

So, to encourage them, I would like to make a little contribution to this House. One of the highest tax regimes in this part of the region is the income tax for the salary and wage earners. I would like to propose that if you want to encourage and empower our people to have more spending power, we have to reduce the wage and salary tax. To compensate for that, in this country, we are a communal society, and the wage that a teacher, doctor, or public servant earns is shared by everyone in the community. They don't save that money.

In a fortnight it goes and this also applies to each one of us. The money that we earn we don't save in the bank account. In a fortnight all the money goes so when we reduce the tax, it gives more power or earning power to the people and the government reduces the income tax, so it can collect more on the GST. So, when you reduce the tax, there is more spending power and then you can collect on the GST because people will still automatically spend those monies. So, the government while trying to reduce the income tax can collect from the money that people are spending, creating more economic activity, we can collect on GST. So, automatically while you reduce on one side, more people spend and you collect more from them through GST. The government should look at this.

So, I would like to recommend to this House that, while the Treasurer is doing this amendment, we also look at reducing our wage and income tax that our people have been complaining about in this country. It's about time we reward them. When we reward them by reducing income tax, I believe our people will give our country the best when we provide good conditions and incentives to them by reducing the tax. It's a burden they have been complaining about and we can give this by reducing income tax which will help them and which they will appreciate and serve.

I believe this contributes to people not turning up to work because what's the incentive? What's the point of waking up early in the morning and going to work and at the end of the day you end up with nothing or at the end of a fortnight you end up with nothing or less? Then they go back to living on borrowed money for another two weeks. So, let's help them and give them this incentive to reduce taxes for the public service and also for the wage and salary income earners. Thank you, this is my contribution.

**Mr DON POLYE** – Thank you, Mr Deputy Speaker, I speak in support of the proposed amendment to the *Income Tax Act*, but I would like to make three points.

**38/07**

Mr Deputy Speaker, in the Minister for Treasury's statement, on page number two, it states that this total rewrite of the 1959 *Income Tax Act* was recommended by the late Sir Nagora Bogan's Review Committee, in 2015. It is part of our Medium-Term Revenue Strategy 2022-2027.

Mr Deputy Speaker, I had comfort from this too and I had some support for the amendments that justify the Prime Minister's statement yesterday, where he stated that the

push for the tax review on the income tax regime came directly from his office and that also gives comfort to this country because that is a very strong statement.

Sometimes, you will find tax regimes change or other policies change in some countries, especially countries that share communal interests with outsiders, who can influence and change legislations to their interests only and not the interest of the little people of this country. But this change has come from the Prime Minister, himself through the Treasurer, as highlighted by the many speakers this morning and yesterday, and also by the Member for Menyamya. This speaks volumes too.

Therefore, I am very happy because I was the Minister that established that committee that brought Sir Nagora Bogan's Report which I spoke of. This report addresses many aspects. He brought a spectrum of tax reviews, but I would like to focus on one particular issue and that is the incentives that we give to investors in the country.

Mr Deputy Speaker, whilst it might not be directly related to the *Income Tax Amendment Bill* that is before this Parliament, it does have a domino effect because these are the incentives that are given by a government to invest. This affects productivity, supply of products and service on the ground and eventually the economy at large and therefore, the increased cost of living and more.

The late Sir Nagora Bogan's Tax Review Report presents seven Papua New Guinea, tax incentives that have been given to our investors. The first is the accelerated depreciation given to fishing and tourist industries and many have spoken about this in the tourism industry. The second investment allowances as double deduction from mining exploration companies. The third incentive was the tax holidays that we have been given; for example, the Ramu Nickel and the PNG LNG Project. And, reduced tax rates for other investors exempted from tax. We have also created a regime that promotes investments in Papua New Guinea and financing incentives. But the incentive that I am interested to speak on very briefly is the Investment for Credit.

Investment for Credit is the infrastructure tax credit that we have seen exist in Papua New Guinea and a lot of work have come about as a result of this programs such as infrastructure development carried out by mining companies like LNG companies et cetera.

I have to focus on one particular project and use that as a case study, and that is Pogera Tax Credit Scheme. I recall when the late Grand Chief, Sir Michael Somare, was the prime minister, we reduced the tax credit interest, I think from two per cent to less than 1.5 per cent.

**39/07**

Mr Deputy Speaker, I am not sure whether the tax credit scheme is still at 0.75 per cent or if it has changed. I have no idea. However, at the time when Sir Nagora's Committee was established, the tax credit scheme was set at 0.75 per cent. I left the O'Neill government to join the Opposition, and during that time, a review was carried out. So, I am not sure what the tax rate is now.

I believe we need significant changes, reforms, or reviews in the tax infrastructure schemes for the mining and extractive industries. It is crucial to improve these schemes.

Why do I say this? Firstly, 0.75 per cent is too low. We need to increase it because it affects the people who benefit from tax credit-funded infrastructure in areas where mining activities take place. For example, communities near projects such as the Porgera Mine, Wafi-Golpu, Ok Tedi, or the Lihir Gold Mine operated by Newcrest should see an improvement in their standard of living. Increasing the tax credit percentage would ensure that these communities benefit more from the projects affecting their land.

Mr Deputy Speaker, my second point concerns the administration of these tax credit funds. Currently, investors are responsible for implementing the funded programs. However, in some cases, the impact of these programs is not visible. Additionally, some projects funded under the tax credit scheme are scattered across different parts of Papua New Guinea rather than being concentrated in the areas directly affected by mining or petroleum activities.

I believe we need to reconsider this approach, Mr Deputy Speaker. The affected areas should be prioritized. There is no point in using our District Services Improvement Program (DSIP) funds for infrastructure development in areas that should be served by mining or petroleum project funds. If tax credit funds are available to develop these affected areas, they should be used to establish townships and stimulate local industries. This will, in turn, lead to broader economic benefits, such as creating free trade zones like an initiative currently being implemented by the Marape-Rosso government through the Ministry for Trade and Industry.

For example, in Porgera, we have seen some positive development through the Porgera Development Authority, with support and partnership from the provincial and national governments over the last 30 years. However, more needs to be done. There should be a focus on establishing industries such as agriculture to attract further investment and reduce law and order issues in places like Porgera and other mining areas. As the government undertakes tax regime reforms, it should also consider creating townships, industries, and free trade zones in project areas.

Mr Deputy Speaker, where there are extractive industry projects, we should establish free trade zones. Providing free trade incentives in areas without mining or petroleum projects makes it difficult to attract investors and sustain development. Funding becomes limited in such cases. However, if tax credit funds are allocated to develop mining towns into proper economic hubs, we will already have a growth centre, adding value to Papua New Guinea's economy.

As we review the Income Tax Act, we should also examine other tax regimes, particularly incentives that support township development in mining and petroleum project areas. Now, regarding the concentration of tax credit-funded programs, Mr Deputy Speaker, let me use Enga Province as an example.

The Porgera Mine has significantly impacted communities such as the Kandep, Laiagam, and Porgera-Paiela districts. These are the areas most affected by mining activities. However, tax credit-funded projects are often spread out to places such as Wabag, Kompiam-Ambum, Wapenamanda, and other parts of Papua New Guinea.

Mr Deputy Speaker, if tax credit programs were concentrated in the most affected areas, Kandep, Laiagam, and Porgera, we would see the development of townships.

**40/07**

In Laiagam and Porgera, rather than spreading it everywhere. You will see a Township coming out of it. And you will see industries develop out of it and therefore see productivity where there is a manufacturing base. And you see other businesses emanate out of that project, that growth center. We should make use of that and apply such incentives to grow those areas, and you find that most of the problems would already be solved because we have opened opportunities, and financing through the DSIP can be looked at other places that are less advantageous. That's how we should look now.

Mr Deputy Speaker, to my last point, I'd like to say that I hear most of us speak most of the time about the cost of living and I think so much work that has been done by experts and scholars who have been doing social economic studies in this area. and I think the challenge there is to improve, increase or expand supply base.

Just make Papua New Guineans continuously produce. And there's an argument I presented some time back in another agenda. Why can't we, as a Parliament, through our government or the national government, do rather than dispersing the little resource we have?

Why can't we concentrate them on what we are always talking about, on agriculture or tourism, rather than funding rift-wraps; why can't we choose one particular place? Like we choose a mining place or a petroleum place, and we give a lot of incentives, a lot of tax holidays, and a lot of support. Based on studies with potential agricultural Research Institutes, it was going to be an agricultural program. If it's going to be tourism. Tourism experts say they know which is a better place to establish tourism.

So, as a government money in that particular activity, if it is agriculture and we choose the Sepik plains, Markham or Karamui. And if it is tourism, let us fund these programs to. This is very important for growth factor, and you'll find over next five years, 10 years, you'll start to see tangible development taking place.

I think we have a lot of money, but we are dispersing it and we're thinning out the resources that we have.

I've been in this Parliament for the last 20 years or so, and I have learned a lot and from this observation, I've seen that we are filling resources to satisfy political experience and political pressure, but let's take a bold stand and say we will now develop agriculture and put so much money in agriculture, develop and see what happens in the next 5 years.

Cut down on some monies that we get like for example the DSIP. We reduced the monies there; we reduce in somewhat unnecessary areas and expand the growth sectors of the country.

You will see when your supply base is high, you'll find many people will want what you produce to satisfy their demand and your price and your cost of living goes down. And you will have much easier resilient economy in this country.

And from the income tax amendment that we have today, or the incentives that I'm talking about, or any other tax regimes can be changed or added because the fundamental issues of productivity, supply, and demand are being addressed. Thank you.

**Ms KESSY SAWANG** (Rai Coast-Minister for Labor and Employment) – Thank you, Mr Deputy. I also want to join the rest of my parliamentary colleagues in having a say on this matter.

Firstly, I want to thank the Minister for Treasury, the Treasurer, and especially the Department of Treasury for undertaking this very important thing, to simplify the PNG income tax 1959. It was a recommendation we had in the 2015 tax review, where I was the head of the tax review and the team leader of the technical team that did the work for the

Committee of Sir Nagora Bogan, and after 10 years, it has come to this Parliament and on that note, pay my respects to Sir Nagora Bogan.

**41/07**

He was one of our great statesman and had a lot of institutional knowledge, who had led us as a committee of the Chairman in this work. The tax systems have certain principles and the three of them are; it must be simple, fair, and equitable.

In that review, we saw that the 1959 law was cumbersome over 300 pages. It was very complex for our simple people. So, our SMEs for example; who can't afford an accountant to do their tax work would become non-compliant because accountants are quite expensive. So, simplifying the tax system and reducing down to half of those chapters. I'm very optimistic that it can help in the compliance space and also look at modernizing the entire system, so we can see tax as a tool.

Mr Deputy Speaker, taxation is a tool that we can use to grow our economy and do a lot of things but not in a silo, it must be used in the all-government approach in terms of the economic strategies that we have in place. I'm grateful to hear the majority of support in this House for this recommendation, we made many years ago and it is finally coming to fruition.

One of things in the *Income Tax Act*, there are two; company income tax and personal income tax. At that time the personal income tax rate was quite high and the nontaxable threshold was at K10,000 tax free. Prior to that K1 and upwards, it was taxable from 22 per cent up 42 per cent.

And I want to thank the Marape/Rosso Government that when this country was hit by Covid five years ago, this threshold was increased by 100 per cent from K10,000 to the current K20,000 tax-free threshold. For example, if you are earning K769 a fortnight, it's tax-free.

In terms of the tax-free threshold and relieving the tax burden on the lower income earners up to K20,000. That's a very good decision this Parliament and the government had made that our people can now get the take-home pay without tax up to K769 and that change also reduced the bracket creep. So, in terms of the tax rates that are paid in between the different brackets, it has been effectively reduced as well.

Mr Deputy Speaker, Papua New Guinea is a country that does not have a social security system, so if are working and earning a salary or wage; we become the social security for our family, extended families, and the community. This decision to reduce the personal income

tax, it's commendable because it relieves a lower-income wage earner. Because when we look at the lower salary wage earner, there's only less than 10 per cent of Papua New Guineans in that category who are paying up to 35 per cent of the country's tax.

But that has been gradually reduced with the current simplification, I believe it can help in that space, and with the government this year giving a free stamp duty for low-cost housing up to K500,000. That's another good incentive or it's all social protection given to our workers; salary and wage payers.

Mr Deputy Speaker, today we live in a world, it's just by political boundaries. Right now, from our mobile, we can conduct transactions to get our passports and travel anywhere in the world. So, countries today exist by political boundaries only.

And one of the things that comes with them is capital flight. We can't control capital flight because people just take their money out and go anywhere, everywhere.

#### **42/07**

Cairns is a small Port Moresby and I did the research when I was leading the tax review. A lot of Papua New Guineans don't purchase their house here in Port Moresby, they have decided to move to Cairns.

For example, I once met a highlander at Changi Airport in Singapore and that time South Sudan was a new country, and he was on his way to South Sudan to invest there. So the point is that such an important amendment to our income tax system, helps us to start modernizing our tax system and make it more attractive.

Otherwise, people are going to take their money and go elsewhere, where the administration is simple, tax rates are lower. And we are going to be struggling to bring in foreign investment. And we have got other issues like law and order, It just couples on that.

So, this work by Treasury to start looking at simplifying our tax system. And also, one of our main recommendations in that 2015 Report, was to increase the company income tax.

Mr Deputy Speaker, you know, countries in Europe, moved away from taxing capital to taxing consumption.

They moved away from taxing income, meaning that when you let the people have the income, all the money in their pocket, and they decide where to spend. If they decide to go and spend it on poker or horse race or beer, let's tax those higher. But if they decide to go and use that money to start a small SME, let's help them to grow.

And when they grow big, then we can get more money from them. So, the countries in Europe, moved away from taxing income to taxing expenditure, expenditure has to do with our choices.

Let's tax people's choices, when they decide to go and buy beer than let's tax more on beer. So, I think with this simplification, these are some of the things maybe as a country we can look into and use taxation as one of the tools where we can make our country attractive for the FBI.

And in terms of the company tax, Mr Deputy Speaker, I will continue to advocate for that. In the first two to three years, we are going to have low income when we reduce company tax. And I have undertaken that study in Malaysia, Singapore, Fiji, I have led study tours there.

So, we will have less tax, but in the third, and fourth years and upward, you will see that it will pick up because when we don't tax the income, companies will use that money to reinvest it. So, you know, with this simplification of the income tax system, I want to reiterate the comment made by a Provincial Member for Oro that I recommend a revenue administration board that was recommended in that report. There was one recommendation I want to say in this Parliament is the hypothecation of revenue.

When we have every government statutory body and they are keeping part of the revenue for their expenditure, it just continues to erode the revenue that comes to the consolidated revenue fund.

So, I would recommend that we do a little to slow down on hypothecating revenue, let everything go to the consolidated revenue fund, come to this Parliament through the budget, and then we can allocate revenue to the provinces, to the departments, and that.

There was a third recommendation in that report, I am making this reference because there has been a reference to that report that we did, is to look at, I started the process, but my three years were up to conduct the review and we didn't, is to look at the taxation arrangement for Bougainville.

We have the Bougainville issue, it's a sensitive issue, but one thing we can start to do is to start helping the Autonomous Region of Bougainville to look at their taxation regime locally, what they can do, so we can start helping them to be self-reliant in their fiscal space.

Thank you so much, Mr Deputy Speaker, for allowing me to speak.

**Mr SAM BASIL JNR** (Bulolo) - Thank you Mr Deputy Speaker, for recognising the people of host district of Hidden Valley, Wafi Golpu, Alluvial Mining, and of course, Forestry we normally pay tax so I will contribute to this debate.

Mr Deputy Speaker, firstly I want to thank the Committee, IRC, Treasury, and the Government, for taking this opportunity to debate.

**43/07**

It's a good occasion that we talk about matters which we hear almost everybody talk or complaints and refer to as I am a taxpayer and I am entitled to this and that. It is true but it is the system that we must look at whether it is saving us or not and what are our issues and expectations that must be fixed or addressed.

Too often we expect Members of Parliament to make decisions or decide what is good or bad for you. However, such an opportunity as this provides the opportunity for you to address your consciences.

Mr Deputy Speaker, the government had the concerns to make changes. My presentation will make references to issues, events, locations and entities.

Mr Deputy Speaker, taxation and tariff is a two-edged sword that must be used properly for the economy. All of us don't want to pay taxes or government charges. Even businesses want tax exemptions or reduced taxes. If we give exemptions too much, we might not be making revenue for the state. We must encourage a business to expand the rural areas and we must provide incentives for them to shift. Jobs and other income opportunities are taken to the people instead of them flocking to the congested urban areas. As we can see, there are a lot of people in Port Moresby and Lae nowadays.

Time and again, we have delivered budgets with a message of hope to our ordinary citizens. Most of our people live in outlying areas and some do not know what we're talking about here on the Floor. We have talked about the benefits of strong economic growth, lowering costs of living, and improving the welfare of ordinary citizens. We have talked about participation in economic activities, opportunities in the formal workforce, and building a future for all our families.

PNG has good 12 years of uninterrupted economy growth with a higher-than-average GDP rate of more than 5 per cent across international level. In that period, opportunities existed for our people to benefit. We have Kina appreciating where the people would benefit

through the exchange rate savings with lower prices for goods and services to our ordinary citizens.

Mr Deputy Speaker, similarly, with the Kina depreciating, our farmers could have benefited from exports of their primary products. With increased prices, or rely on our domestic products.

The opportunity to grow the macroeconomic level is to ensure finding the institutional capacity to deliver to the people, determine the destiny, and contribute to the economy.

The SME development and expansion must start with land and agriculture. The four factors of production are; land, labour, capital, and of course entrepreneur skills. We must strategize to build and encourage our local industries. The country needs to impose embargoes, caught us and relook tariff to encourage and promote our agricultural sector. Fruits, vegetables and livestock products that are produced locally should be encouraged.

Mr Deputy Speaker, we must produce taxes and even tariffs on imports in agricultural production and processing. Our food prices will increase with this depreciation of Kina but fertilizers, chemicals, feedstocks, and others are imported at reduced tariffs. We expect the benefits of lower prices to pass to the consumers.

Mr Deputy Speaker, passing the law is one thing, but enforcing it is important. Who is paying the taxes and who is not paying? What are we doing about it? That must be captured in the Bill, Mr Deputy Speaker. The enforcement of taxation laws and application of various tariffs and tax rates on certain individuals, firms, or various industries is important in the generation of revenue for the state. It is also used to encourage certain consumption patterns.

#### **44/07**

For example, instead of 10 percent GST, we should impose 50 percent on luxury vehicles like Range Rover et cetera, so that working vehicles are purchased so that people can be encouraged to produce certain local products.

Mr Deputy Speaker, also taxes are imposed at certain rates to encourage or saving cultures. Increased production and consumption of certain local products and services and create employment for the local economy to grow.

Mr Deputy Speaker, we all know that agriculture is the backbone of any country and there is no excuse for PNG to remain stagnant like this.

Further taxes including tariff are implied to protect local jobs, businesses, and industries to encourage them to be competitive with established foreign businesses.

Mr Deputy Speaker, to start with individuals, the Government announced a policy that low-income earners especially those earning below K20 000 per year will not pay tax. That amount that is supposed to be paid for tax should be used for education health and medicines

Mr Deputy Speaker, from my observation these savings are spent on unnecessary and harmful activities such as alcohol, gambling, cigarettes, and betelnut as well as street lamb flaps. I think it's all of us our favourite here. Unhealthy habits. We cannot regulate consumption choices, Mr Deputy Speaker, but we can discourage it by introducing policies to save the monies or use them to generate further income. I propose to encourage a savings culture We do have a habit of saving excess funds in the banks to be withdrawn within a month hence, there must be incentives for the tax saved to be directed into a permanent savings fund or approved superannuation fund.

Mr Deputy Speaker, I submit that if a person contributes above the compulsory employee and employer superannuation or approved savings and loans society for more than three years, that income or interest should not be taxed after leaving employment due to resignation, termination or retirement.

Mr Deputy Speaker, there was a provision in the *Income Tax Act* that provided for persons paying school fees in permitted institutions, outside of government schools, to claim school fee rebates of 25 per cent of fees paid of K 750 or whichever was the highest. A person who pays K10,000 in an approved permitted school would be entitled to K2,500 or K750. In this case, K2, 500 being the highest.

This provision was removed in 2003 when school fee subsidies were provided with a maximum of K750 rebate was allowed. The government schools charged school fees less than K500 and private and church-permitted schools charged fees at around K3,000 to K5,000 per annum whilst internal education agency schools charged beyond K10,000 per annum. The school fee subsidy of K250 to K500 per student in government schools given to children in permitted schools equals to less than 5 per cent. Even the K750 tax rebate allowed is negligible or equivalent to 8 per cent.

Mr Deputy Speaker, in 2012 the national government announced 100 per cent tuition fee free education. The intention is noble as enrolment increased but classroom accommodation and teaching materials have not been complimented. The parents in government schools end up with spare cash saved while parents in permitted schools will have to find spare cash to pay school fees. It seems unfair.

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Mr Deputy Speaker, hence, I submit that the bill should re-introduce the amended provision on the 25 per cent school fee rebate and the K1,750 maximum allowed.

Mr Deputy Speaker, in the agriculture sector, PNG is focused on the non-renewable resources extraction sector with a blind eye to the majority of the population that relies on customary land and agricultural production to cater for everyday food, money for education and health costs, clothing, transportation charges, and other needs. I also submit that we must use taxation and tariffs to protect our jobs, economic opportunities, and expansion of our local industries.

Mr Deputy Speaker, to build up the agriculture sector, I suggest that the bill should look at the following;

(1) reduce GST and other taxes on all agricultural inputs such as fertilizers, weedicides, pesticides, insecticides, feed meal, tractors, and implements so that we increase food production as well as food processing in this country.

(2) allow seven years tax break on all agriculture sectors, growers and processors, and grow-up processors so that the losses of up to seven years can be claimed back to encourage investment in the agriculture sector.

(3) allow for research expenditure deduction; funds that are expended by firms and companies for research, development, and extension and training of smallholder and out grower farmers should be granted tax credit.

(4) provide 100 per cent tax depreciation for all plant equipment, machinery, and vehicles for those engaged in growing commodity crops.

Mr Deputy Speaker, there are many sectors and industries and we have different tax regimes and processes. When the opportunity arises in the extractive industries such as petroleum, gas, or manufacturing, further submissions will be made.

At this juncture, any business that operates 50 kilometers outside of a declared city limit must be given certain tax considerations. The further they move into rural district centres; certain tax benefits must be given. And the more remote, the more proportionate tax benefits should be.

For instance, if a business opens a furniture or a shoe factory in Menyamy, where such business would not normally operate, provisions must be made for a three-year tax holiday as well as 50 to 70 per cent tax depreciation on capital acquisition so as to encourage them. Furthermore, such businesses must also be allowed tax losses for up to five years.

And, for the pioneer industry status, there were provisions in the law to give pioneer industry status as well as give tax incentives, such as tax holidays for several years to increase investment in certain sectors of the economy.

Mr Deputy Speaker, this was used in the 1980s-1990s, but mostly to foreign enter enterprise, and, the tax exemption and import tariffs were reduced and state land secured to get the industries up and running.

While I encouraged foreign and local investment, many have not been genuine, even if they are making huge profits now, their contributions to certain social and community obligations are next to nil. There were even some who were assisted by the State through funding or feasibility studies, securing prime real estate land, and state equity. Also, some stated that local materials will be sourced once the industry is up and running.

Mr Deputy Speaker, some of our resource extraction companies have not even declared profits for over ten years and never paid certain taxes

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Yes, they invested significant amounts of money to extract gold, copper, or timber. However, the gold, copper, or trees were not planted by these companies.

Mr Deputy Speaker, these resources were found on land guarded by Papua New Guineans for generations and were supposed to be owned by our people. These enterprises invested heavily in specialized equipment and manpower to extract these resources, yet they have 100 percent access to them. Additionally, they ask the state and people to contribute equity when our people should be entitled to at least 50 per cent or more, considering the destruction of the topsoil in these areas.

Mr Deputy Speaker, my submission is that we must open all pioneer status provisions. While some of these provisions may have been repealed, certain businesses are still benefiting from the periods that were allowed. Tax exemptions and holidays must be granted to Papua New Guineans, and equity considerations must be made to secure state leases, provide state equity, and extend other benefits.

Mr Deputy Speaker, regarding tax administration, many taxpayers complain about outstanding assessments, unpaid credits, school fee rebates, and GST refunds. Taxes from employees are deducted when salaries are paid, and companies pay taxes when they are due. Therefore, rebates must also be processed promptly, as quickly as they are collected.

In conclusion, taxation and tariffs are a double-edged sword that must be used wisely for the economy, Mr Deputy Speaker. I commend this bill. We must seize this opportunity to stimulate and grow our economy together. Thank you.

**MR ALLAN BIRD** (East Sepik) – Thank you, Mr Deputy Speaker. First of all, I would like to say that I appreciate the many statements made by the Honourable Members. I sat here and listened attentively.

I will not add too much, except to highlight a few key points, particularly those made by the Minister for Labour and Employment. I believe she raised some very valid issues, and I am somewhat disappointed that her contributions are not included in this particular bill, as I found them extremely useful. All the notes I have relate to what she said, so I will try to avoid repeating her points.

Mr Deputy Speaker, while reading through this bill, I am not sure how many Members of Parliament successfully comprehended it. After my first read, I attempted a second reading because I still struggled to grasp most of it. I would be delighted if other Members of Parliament had a better understanding than I did.

The main point that stood out to me, Mr Deputy Speaker, is that these amendments ultimately mean more revenue for the government. If I were to summarize this entire document, that would be it—this bill is about raising more money for the government to spend.

This brings me to the point raised by the Member for Rai Coast, which I believe is extremely important. If the government is going to generate more revenue—and we have already seen the Internal Revenue Commission (IRC), under Mr Sam Koim and his team, raise significant tax revenue—then we must ask: What has been done with these records of tax collections? It is a substantial amount of money.

Now, this bill will further increase government revenue, and significantly so. This is where I want to highlight the point raised by the Honourable Minister. We often discuss GDP on the floor of this Honourable House. GDP consists of four main components: consumption by our people, private sector investment, government spending, and exports.

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From what we can observe, investments have declined significantly by the private sector over the last six years. In fact, perhaps going back a little bit further. Exports are

stagnant or declining. In many cases, and we've seen reports of that the only thing that's increasing is government spending.

That's the only component out of the GDP that has actually grown significantly over the last six years. And now this proposal will give more money to the government to spend. And I'm thinking about the inflationary aspects of it and I want to commend Minister Sawang to say that, look, I think your colleagues in Cabinet need to be listening to you more when it comes to tax matters obviously, you have the background.

And I like the idea of giving more money back to those who are going to spend it. We can't be raising more and more money for government. And then we struggle to achieve the outcomes. Several points were raised by several members and I heard the points they raised that when people have the money, they might make better decisions on how to use that money.

If it is their own money and that we relieve their burden they might choose to invest in a small business, they might choose to play pokies and get drunk every night, we don't know. That tax system needs to be able to even that out. The role of the government is to act as kind of a judge in the economy that balances the equation out between what you might call the sin taxes; taxing the sinful nature of our consumption, and of course, supporting the good aspects of the consumption. Now I did not see this in this document. This document as far as I'm concerned, is just about raising money for the government, more money for the government.

And it brings me to last week's debate by the good Treasurer, where he mentioned about the non tax revenue last year. That this tax declined by about K1.7 billion and you know I could have that number wrong because I haven't seen the Hansard.

That brings me to the same point that the good minister, the Honourable Kassey Sawang raised about nontax revenue coming from a lot of these agencies and not going into consolidated revenue, not being provided the oversight of the Members of Parliament who have been elected to provide their oversight. Some of this money is in agencies where rightfully, they come to the treasury and the Waigani consolidated accounts. So, if K1.7 billion was shot last year, and it was put into the Budget affecting cash flow, for the country.

Then perhaps, are we in this tax document and I did not see it? Are we going to be taking a look at those agencies that are picking up revenues that should rightfully go into the consolidated accounts? Because we are not collecting it we will not be able to collect it from our agencies. So, this simplified income tax amendment is going to collect the money to make up for the K1.7 billion kina that some of these agencies are not paying. I'm asking the

question, Treasurer, our agencies are not paying the money so we go and collect from others and that is really what I'm trying to get at.

So, if not, then you know, congratulations to your Treasurer, but. I think because most Members of Parliament haven't read this document or you know it it's only fair that I asked this question. Because I see it as more and more and more money for you Treasurer to decide on which favourite Member of Parliament gets it, which is another problem altogether, let's not go there.

I have to say, looking at capital gains in particular, I think Treasury, that's one of our favourite discussions, and the Prime Minister talked about it in passing yesterday. And I just wanted to make a point there, the person that supposedly walked off with 800 million dollars as alluded to by the good Prime Minister and \$800 million now under the old system, if I'm incorrect and if that was a company, that company would have been subjected to 30 per cent profits in taxes.

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If that company was going to pay a dividend, it was already subjected to a 15 per cent dividend withholding tax under the old rules. Under the new rules, there's going to be an additional 15 per cent. So, that tax rate now, effectively would be almost 50 per cent.

So, I would like to suggest that person did not walk off with \$800 million based on the old rules, they would have paid the tax of at least 45 per cent. If there are no records then, I respectfully submit that it's the work of the Internal Revenue Commission to collect this money. So, the old rules would have still collected the money that's the point I wanted to make because it's was already there in the law.

So, whilst this is simplified and we agree, I would suggest here on the Floor that in government you have two very experienced members of Parliament with tax background; that's the Honourable Kessy Sawang and Honourable Garry Juffa. So, their views I feel should have been already taken into account in this bill before it was presented on the Floor. Listening particularly to the Honourable Kessy Sawang made a very valuable contribution to the debate in my view.

A lot of what she said is not contained here. I want to say that I am grateful to the government that this rule comes into play on the 1<sup>st</sup> of January next year. That gives us time to consult with the public so that we can come back and I want to ask for assurance through the Chair if the Treasurer could give the people of Papua New Guinea, particularly the

taxpayers an assurance that if we are to bring a proposal for the amendment because the taxpayers out there who are going to be affected by this comeback and say can you consider these changes.

I would like to see some sense of fair play from Treasurer that you would consider that and such subsequent amendments can be made prior coming into effects.

Mr Speaker, with that I give my endorsement to the amendments particularly reiterating that I would like to some of the suggestions from the good Minister perhaps later on as the government continues to work this through to find some spaces within the rules and make some of those amendments that will give effect to fair contributions here on the Floor and of course taking into account the concerns that our tax payers might be raising.

Thank you, Mr Speaker.

**Mr JAMES MARAPE** (Tari-Pori – Prime Minister) – Thank you, Mr Speaker, I want to conclude this debate by summarizing some points and to provide context for this amendment. Time is very limited and I will not give my full assistance to the Treasurer.

Mr Speaker, this law is good, it has been 66 years since the Australian Parliament passed this law for and on behalf of our people. This law has been in operation for the last 66 years.

Mr Speaker, it passed 16 years before independence and since independence until today this law administering how our country collects revenue. No wonder why our revenue has been poor for a long period of time.

Mr Speaker, today I am pleased to be part of this Parliament and I thank the Speaker, and all members of Parliament on both sides of the House, I pay my respect to the Opposition Leader, Member for Hiri-Koiari, and others who have offered support. For this law with appreciation that this Government and the Treasurer

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Member for Kairuku-Hiri, and others who have offered support for this law with appreciation that this Government and the Treasurer. We are trying our very best to tidy up many legacies that we carry from our past, including unbundling from a full circle of colonialism. This is one colonial law that we are eradicating from our House today.

Mr Speaker, this Parliament has also passed many good laws and I would like to thank the members of Parliament, many times we don't appreciate that they sit right through lunch

starting in the morning. Mr Speaker, laws like the Independent Commission Against Corruption. Act - since the late Anthony Siaguru, mentioned in 1984 or 1985, no one was serious about passing this law until we took office and went through with it. Yes, there are plans and debates on the other side may be good, but real action takes place inside and eventually the laws are brought to pass. We pay respect to those members who joined us in passing the anti-terrorism law.

Not long ago in the last two sessions, the Governor of East Sepik acknowledged the repeal of the Anti-sorcery Act, and the Glassman law we passed which helped prosecute a pastor for falsely accusing a woman of practicing witchcraft.

This Parliament also changed the constitutional foundation by separating the Supreme Court followed by the Appeals Court and National Court on its own. We did this to protect the National Court and Supreme Court from the Wantok System or one side decisions in the future because we have relationships everywhere.

So, the courts have to be independent in their decision making. Some of the fundamental legislative framework that carries our country have been relooked at by this government as we approach our 50<sup>th</sup> Independence Anniversary of our nation, I want to appreciate the bipartisan manner in which, good laws are being discussed and supported by both sides.

Some of the legislations like the *Mining Act* passed by this Parliament has enabled us for the first time since 2020, to know the amount of Gold produced in Lihir and Porgera. In the past we were sitting there as lame ducks waiting for the declaration on production for us to tax them.

Today, we have live data, right into the heart of Lihir, to know exactly how much they are producing.

Likewise, Porgera and of course our own Ok Tedi to name a few. This is the responsibility of us members of Parliament and I want to thank you all. Some laws may still need improvement, including this law.

Mr Speaker, I have with me here, a bottle of water. You may interpret it in two ways, you can say its half empty or half full. We all don't have the same mindset but I want to ask the rest of you to see it from a half full perspective, not pessimist, negative, half empty perspective all the time. Attempts must be made to change our country for the better, and it starts here, in revisiting the architecture, that holds this country together, including laws.

As members of Parliament, the fundamental work for you, and me work is not for managing DSIP, PSIP, or Connect PNG, et cetera. It is to pass laws, that govern the administration of Connect PNG, PSIP, DSIP, provincial government and DDA.

Where will you get the money to construct the road? For instances, my remote villages in Vakal or Amuta. Where will I get the money if we don't find the money? This country is ranked 16 in the world as far as resource density is concerned. The fish in the sea within the three million plus kilometers of the sea, we have 18 to 25 per cent of the world's tuna supply.

Yet we are still sleeping and they are continuously getting the fish in the sea. This law is made for us to have better accountability for our resources.

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So, I want to appeal to all of us that the Treasurer is a kind-hearted man and he is not a dictator. He has given us enough room. If we are serious as legislators, some of us are beating our chests and talk a lot here but we don't do our work. Check this law and read it through. We have until December; I don't have January 1st. Whether you are a stakeholder or an industry, I have this year to make whatever necessary amendments we need to make in the Budget.

This is part of government's take back PNG policy and it's part of my own manifesto. Some things I believe are locked into this one. I will walk out tomorrow when you'll get me out of this Chair. I'm happy, for instance, I'll give you some quotations of some of the sections very soon.

I am very happy with this law and I want to read it to our people, especially those in 85 per cent, if not 90 per cent of the rural enclaves. *Section 129* of the law offers these incentives for investments in rural areas. I am very happy because my small people in the rural areas have incentives.

Mr Speaker, our discussions on the Manus Special Tax Exemption promise are also captured in this law. Manus Province was named as a special province with tax enclaves. Mr Speaker, that same law, protects our special economic zone concept.

Mr Speaker, I stood in 2002 for Tari-Pori to fight for oil, gold, gas, and other resources owners and it is captured in the same law. When you look at *Section 150* and *Subsection 2*, it defines royalty better. No longer, any minister like the Minister for Mining or Petroleum or Fisheries or Forestry or Prime Minister will fight to negotiate this. If you want to give me 2

per cent, it states that 2 per cent at gross, and the governors for Hela and Enga provinces Philip Undialu and Sir Peter Ipatas would understand this.

At the moment, the law states that for royalty only they will remove the; depreciation cost, cost of exploration, cost of production, and many other costs. To be true, for PNG LNG project, the law says 2 per cent royalty but they are getting 1.2 per cent.

However, this law now gives recognition. If you want to pay royalties to the land owners, then there are legitimate landowners. It's not only for the oil, gas, and mining sectors. We have landowners for fisheries, forestry, and many more. So, if you want to pay royalty, pay them at gross and not at net.

So, this will make me sleep properly. I don't need to argue with the investors and demand what my people want, but the law will do.

These laws will also consider the people. Most of the time, we hear about people complaining that they have worked for more than 35 to 50 years and the government has taxed them again savings at Super Funds retirement pension. Read *Section 118*, I'm not sure, I am not an accountant. Only my wife is an accountant. However, when you read *Section 119*, there won't be any government tax imposed on the retirement pension savings of our people.

No Treasure before you had done that and I appreciate you.

To our small business owners, read *Section 141*, it protects those people who have a business.

One of the statements from a very experienced lawyer in our country and a senior Member of Parliament and Member for Sinasina-Yongamugl said how we treat those agreements that we gave like the *Fiscal Stability Act*. I want to give him comfort that there are no fools on this side to make this kind of law. *Section 28* of this law protects and gives recognition to all the contract agreements that we have. *Section 164* and *Subsection 16(b)* for embassies state that this *Act* will not repeal previous agreements, previous agreements take precedents.

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I want to assure our investors that this law not a retrospective law. It protects the agreement we have. It goes to show that this country is a fair country. We value the presence of ExxonMobil, Barrick, Total, Newmont, Harmony, and the list goes on. Also, Santos the greatest beneficiary of this country's transactional past. We respect and protect agreements that were signed.

Mr Speaker, having said that, I want these investors to also honour and give respect to my country's desire to have a little bit more.

Mr Speaker, it baffles my mind to hear the East Sepik Governor questions that the Government should not raise revenue. What sort of logic is this, when this country needs development? There is no logic in this at all!

Tax laws are to raise revenue for our country so that we support provinces, districts wards, and national agendas. This just doesn't make sense at all.

Sometimes we claim to be intelligent but wisdom lacks that intelligence.

**Mr Allan Bird** – Point of Order! Mr Speaker, I think the Prime Minister needs to have some grace because my comments were about the Labour and Employment Minister when she suggested that we should allow more money to go to our consumers and I pointed out quite correctly that the Government was going to raise more and more money. I pointed out the fact that it will need more money for all these and the Government was going to work hard to raise it. I supported the Minister on this.

**Mr JAMES MARAPE** – Mr Speaker, I want to withdraw the infringes made to my good brother. The rationale is simple, if there is an opportunity to raise revenue we must raise revenue.

This Bill does not add additional tax but it clarifies the shady grey areas for the Treasury to have the flexibility to collect more.

Let me point to further laws, for instance, a few elements that have always been overlooked for the first time it supports the insurance industry for the first time. We have lost the industry for the last 15 years. They are closing and declining. But a good business is anchored on insurance. Have a look at this law it talks about protecting insurance.

To the Bankers, for those who are in the Banking Sector, the Treasurer's commitment to you last year when he went to Budget last year, that a high of 45 per cent has now regressed to a low of 35 percent within the Medium Term and hopefully in time Pangu Party believes in a lower tax regime Policy for our country.

If I had it my way and influenced the Treasury and Government into time as soon as we consolidate on a fair equitable tax collection regime. Let me give credit where it is due and thank Mr Sam Koim and his team from Internal Revenue Commission.

In 2018 Tax Revenue was at K8 billion even at the peak of the LNG Production.

In 2024 K16.8 billion was collected even with no increase in tax. The Government knows what it takes to collect more without increasing taxes.

Let me assure you that ordinary citizens give money back into their pockets especially first-time home-buyers valid up to K750 000 this law entrenches it. You will no longer pay Stamp Duty Tax.

Let me put it to the Treasury team now to remove the GST Tax for first-time home-buyers.

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Next year, we come to a budget and remove tax from the GST tax for first-time home buyers in our country. We must remove this all and it is part of our work towards putting back more money to the pockets of our people. The removal of tax from those who are withdrawing or retiring from a pension is putting back more money to the people.

And, I want to also point, for instance, to the bigger companies whilst we protect your place of investment, we also have given you some incentives, *Section 104* talks about the deduction for exploration. If you do exploration in my country, you get a deduction and you get a deduction *section 105* gives clarity on depreciation. Sometimes, we hide beyond depreciation as a sunset close to depreciation. You will not have perpetual depreciation. There must be a sunset close to depreciation. We have certain big projects in our country to hide beyond depreciation and have not declared a tax. Gone are these days, we are no longer 1975.

We may not be accountants, but we can read accounting books. I want to also point *section 74* talks about price transfers. So, if you are operating a business in the country, do not make price transfers, for instance, you load it on a ship and send it to Malaysia, but instead its actual destination is China because you want to declare at a lower rate. *Section 74*, infringes price transfer and to also point to capital gain tax and non-profit taxes, that something close to my heart.

We put it inside so that we have a fair place. You gain a certain threshold; the threshold can be taxed from you. And so, I just want to put to all of us, that it may not be full to everyone's expectation, maybe this may be half empty by expectations but for me, I see it, as half full.

The construction of this law intends well for our country, doesn't impede or add burden to current taxpayers, but secures our people, especially rural people in our country.

I want to call all members of Parliament, join me in passing this monumental law, and if there are need for improvement, the member for East Sepik and others who are here, please read this law and I give you our fullest assurance.

Any good law will be supported by us, especially laws to secure and empower our people and our country. Thank you, Mr Treasurer.

Mr Speaker, I put to you this law for us to support.

Motion (by **Mr Ian Ling-Stuckey**) agreed to –

That the question be now put.

**Mr IAN LING-STUCKEY** (Kavieng – Minister for Treasury) – Thank you, Mr Speaker. I wish to, take this opportunity, to conclude the debate and, like the Prime Minister, also put into context, the various comments we've received today, some great advice, some, lovely insights, and, of course, some comments that are also untrue.

And I acknowledge the concerns, especially from our friends on the other side of the process. We had wanted the draft of this legislation to be out earlier, of course, but internal administrative processes within our system of government have held this up, I wish to assure all members of this House that I had a preliminary discussion with the First Clerk Assistant, from our Parliament in our Bills and Papers section to see whether we can come up with a clearer pathway, a process where the consultation process before bringing legislation can be re-established, not just for ministers bringing legislation, but other members of Parliament as well. So, I look forward to further liaison with both the office of the Speaker and the Clerk.

Two key points before trying to respond to some of these specific issues. First, on consultation. Whilst acknowledging, not just the Opposition, but other members of Parliament, needing more time to look through this.

**53/07**

Mr Speaker, it is not just the Opposition but also other Members of Parliament who need more time to review this legislation. Despite these limitations, extensive consultations have been conducted with many key stakeholders. If I may share them here, I hope this will provide some assurance that this legislation has been carefully considered and that a wide range of views have already been taken into account.

To be more specific, this Modernised Income Tax Assessment Act has gone through 17 drafts. Five stakeholder consultations have been undertaken since February 2020. The first

consultation draft was released in August 2021, followed by the second in October 2021, which included a two-day public consultation session. The second draft was revised again in August 2022, and by then, the ninth draft had been circulated as the third consultation draft. By July 2024, 13 drafts had been circulated as the fourth consultation draft. In October last year, the 15th draft and its accompanying draft regulations were reviewed.

Each of these consultation drafts has received extensive and detailed feedback from major accountancy firms, including KPMG, PwC, Deloitte, and Ernst & Young. Specific responses were provided in detail, and appropriate changes were incorporated where necessary.

Additionally, sector-specific consultations were conducted with the Chambers of Mines and Petroleum, MRDC, the Central Bank, Superannuation Funds, the National Fisheries Authority, and the tourism sector. The 10<sup>th</sup> draft was also reviewed by the Australian Treasury at our request as a quality assurance measure.

Detailed conversion tables were prepared for this legislation, and some omissions were identified and corrected. Comprehensive technical notes were also developed, all of which are reflected in the explanatory memorandum. I urge all Members of Parliament to review it carefully.

Mr Speaker, regarding the process, let me briefly emphasize that the Amended Income Tax Amendment Act should be seen in a broader context. The Income Tax Act provides the substantive provisions of our tax laws, while the separate Tax Administration Act outlines the administrative framework.

This particular legislation was initially passed by the previous government in December 2017 but remained dormant until the introduction of this new income tax system. Both laws will now work together to create a more modern tax administration system, supported by regulations and a public ruling system to provide further clarification.

Thank you, Mr Speaker. I will now quickly address some of the key concerns raised today.

Mr Speaker, the Member for Sinasina-Yongomugl raised an important point, expressing concern that this legislation might override existing fiscal agreements. As I understand it and as it was explained to me and reflected in the Act, it does not.

Members of Parliament can refer to page 26 of the Act, which clearly states that this legislation remains subject to the application of any fiscal agreements that come into effect on or after the commencement of this Act. I hope this provides the necessary assurance.

I understand that we are all quite tired, so I will go through the remaining points as quickly as possible.

**54/07**

See that we're very tired and I'll go through this very, quickly and I take into account all the comments by Governor Wenge and the Deputy Prime Minister, thank you for supporting it.

Member for Hiri-Koiari and to conclude since we're all tired and hungry, I'll jump straight to the last comment from my good friend, Governor Bird, who most of the time on many occasions, we agree on things, but today we'll disagree. He mentioned that more money is being raised to spend and he did make some comments and main intent of this legislation is to raise revenue.

I don't agree with that and if I could just clarify treasury estimates to date on this particular revenue is that overall, it's neutral. Yes, there are some tax losses such as the higher rates of depreciation when you go through it in detail for businesses and agriculture and some additional tax from the capital gains tax but that's limited to the resource sector. And of course, some gains from tax compliance as well. Overall, it's tax-neutral and finally, the aim, as he suggested, was to cover the K1.4 billion shortfall.

No, that is not the aim and I want to make that very clear that the shortfalls in our budget were in the non-tax revenue sector. This particular legislation covers the tax revenue sector, so clearly that's not the case. And finally, I do appreciate his support for the legislation and I know some of those comments were a little bit mischievous, especially the comment that export revenues had declined.

They actually have not declined and I just want to finish off on the second last day of our session and when we keep talking down the economy, I don't think it's a good thing.

So, on export sales just to assure the House it's been growing, since we've been in office for the last five and a half years. From K37.1 billion up to K50 billion in 2022. And yes, it did drop in 2023 to K45 billion and don't have the figures for 2024.

Despite that drop, over the period we've been in government, it's been a 22 per cent increase. I just wanted to cover that and I won't all the main points on the economy.

Mr Speaker, before I sit down, can I just take this opportunity to thank staff of the Department of Treasury my secretary, Andrew Oaike, deputy secretary and all of your team for the clarity on explaining this very complex and technical document.

Thanks to all of you Sarab, our resident IMF manager here, and his staff, and of course all the technical advisors who spent so much resources, time, and effort to travel from Washington to Moresby to give us the advice. Thank you for all of those people, it's 12 years in the making. From 500 to 118 pages, 369 sections to 165 sections. It's been a great effort and it's a good legislation lastly; let's not see today's effort as the first and the last on this particular rewrite. It's the first of several steps if we haven't considered any of the changes you wanted to make. That is why we have set the 1st of January 2026 as the date with which this will come into effect. So, we've got the rest of this year to incorporate your changes.

**55/07**

I ask all members of the House to support this legislation.

Thank you, Mr Speaker.

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

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

In accordance with constitutional requirements, this Bill must be passed by an absolute majority of 60 members.

*(Voting in progress)*

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*Voting in progress*

**AYES – 79**

**NOES – 0**

Motion so agreed to.

Bill read a third time.

**Mr PETER TSIAMALILI JNR** (Bougainville-Minister for Police) Congratulations, Mr Speaker, honourable leaders for passing a significant change.

### **MOTION BY LEAVE**

**Mr PETER TSIAMALILI JNR** (Bougainville – Minister for Police) – I ask leave of Parliament to move a motion without notice.

Leave granted.

### **SUSPENSION OF STANDING ORDERS – REARRANGEMENT OF BUSINESSES**

Motion (by **Mr Peter Tsiamalili Jnr**) agreed to –

That so much of the Standing Orders be suspended as would prevent me from moving several motions relating to the appointment of Members as Chairman, Deputy Chairman, and Members of certain Parliamentary Committees.

### **PERMANENT PARLIAMENTARY COMMITTEE ON CITIZENSHIP MATTERS**

Motion (by **Mr Peter Tsiamalili Jnr**) agreed to –

That the following Members be appointed to the Committee

- (a) Mr Ricky Morris – Chairman
- (b) Dr Allan Marat – Deputy Chairman
- (c) Ms Francesca Semoso - Member
- (d) Mr Lohia Boe Samuel - Member
- (e) Mr Tony Wouwou – Member

**PERMANENT PARLIAMENTARY  
COMMITTEE ON COMMUNICATIONS**

Motion (by **Mr Peter Tsiamalili Jnr**) agreed to –

That the following Members be appointed to the Committee

- (a) Mr Aimos Joseph Akem – Deputy Chairman
- (b) Mr Casmiro Aia -Member
- (c) Mr Robert Naguri - Member
- (d) Mr Wai Rapa - Member

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**PERMANENT PARLIAMENTARY COMMITTEE ON LAW AND ORDER –  
APPOINTED MEMBERS**

Motion (by **Mr Peter Tsiamalili Jr**) agreed to –

That Mr Peter Isoaimo and Mr Simon Kaiwi be appointed member of the Permanent Parliamentary Committee on Law and Order.

**PERMANENT PARLIAMENTARY COMMITTEE ON PRIVILEGES –  
APPOINTED MEMBERS**

Motion (by **Mr Peter Tsiamalili Jr**) agreed to –

That Mr Joseph Yopyyopy and Madam Francesca Semoso be appointed members of the Permanent Parliamentary Committee on Privileges.

**PERMANENT PARLIAMENTARY COMMITTEE ON PUBLIC ACCOUNTS –  
APPOINTED MEMBERS**

Motion (by **Mr Peter Tsiamalili Jr**) agreed to –

That Mr Michael Marum and Mr Libert Kapris be appointed members of the Permanent Parliamentary Committee on Public Accounts.

**PERMANENT PARLIAMENTARY COMMITTEE ON HEALTH MATTERS –  
APPOINTED MEMBERS**

Motion (by **Mr Peter Tsiamalili Jr**) agreed to –

That:

- (1) Mr Robert Naguri, be appointed Chairman,
- (2) Mr Benjamin Mul,
- (3) Mr Johnson Wapunai, and
- (4) Mr Maso Hewabi, be members of the Permanent Parliamentary Committee on Health Matters.

**PERMANENT PARLIAMENTARY COMMITTEE ON GENDER EQUALITY  
AND EMPOWERMENT – APPOINTED MEMBERS**

Motion (by **Mr Peter Tsiamalili Jr**) agreed to –

That:

- (a) Mr Francis Alua,
- (b) Mr William Hagahuno and
- (c) Mr Peter Isoaimo, be members of the Permanent Parliamentary Committee on Gender Equality and Empowerment.

**ADJOURNMENT**

Motion (by **Mr Peter Tsiamalili Jnr**) agreed to –

That the Parliament do now adjourn.

The Parliament adjourned at 3.20 p.m.