

## SIXTH DAY

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Wednesday 17 August 2016

### DRAFT HANSARD

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**PARLIAMENTARY DEBATES**  
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Corrections maybe marked on a photocopy of the Daily Draft Hansard and lodged at the Office of the Principal Parliamentary Reporter, A123 [next to the Security Control Room].

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

Amendments cannot be accepted over the phone.

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

A handwritten signature in black ink, appearing to be 'LEE SIROTE', with a large, stylized flourish on the right side.

**LEE SIROTE**  
**Acting Principal Parliamentary Reporter**

## **SIXTH DAY**

**Wednesday 17 August 2016**

The Deputy Speaker (**Mr Aide Ganasi**) took the Chair at 10am

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

Sitting suspended.

The Speaker (**Mr Theo Zurenuoc**) again took the Chair at 10.30 a.m., and invited the Governor of Southern Highlands, Honourable **William Powi** to say Prayers:

‘Father in Heaven, we come before you today, we acknowledge you, we thank you for this great day, thank you for anointing us amongst the thousands and the millions in this country to lead your people to show them the way of life and direction.

Thank you for this calling Father God in heaven, we acknowledge that we are sinners, we stand before you with this great challenge. Look not on our sins but on the goodness and the abilities that you have put in us to serve and be servants to your people. We thank you father God for the grace through the work of Jesus Christ on Calvary. I ask you Father God, I repent from all the wrong doings that we have committed in our lives and we acknowledge that we are sinners and have fallen short of your grace. We ask you to forgive us, thank you for the unconditional love that you have for us,.

Father as we deliberate on the issues affecting our country, and our people in Papua New Guinea, we ask that You take leader, give us the wisdom to carry out our responsibilities in serving your people.

Thank you for this day, thank you for all the blessings you have given us and thank you for all the things that you have done in our lives and for this great calling to be servant and leaders of this country. Amen’

## **QUESTIONS**

### **DDA’s and City Commissions**

**Ms LOUJAYA KOUZA** – Thankyou Mr Speaker, during Question time yesterday, we had the Honourable Member for South Bougainville direct questions to the Minister for

Provincial and Local Level Government Affairs but he was not present so the question was directed to the honourable Prime Minister instead.

And the answer given, appeared to be a buying time answer because the question that I have now is that the *District Development Authority Act of 2014* stated quite clearly under Section 2 that the Act did not apply to the Autonomous region of Bougainville or NCD come the amendment of the *District Development Act of 2015, section 2* on application did not apply to Hagen, Kokopo or Lae electorate as such so there are anomalies yet to be.

*(Members interjecting)*

**Mr SPEAKER** – What is your question?

**Ms LOUJAYA KOUZA** – The question is coming now, can I just finish. There are anomalies. Therefore the question that I would like to pose now to the Prime Minister is this. Last week we had DDA amendment Act of 2016 tabled by Finance Minister Marape. Can the Prime Minister now clarify to this Parliament that the difference of Hagen, Kokopo and Lae not being DDA's but city commissions.

(1) If the two other cities were in the 2016 Budget, why the Lae City Commission was not?

(2) Will the intended Supplementary Budget cover funding anomalies for AROB and Lae District or are we expecting that in the 2017 Budget proper for the three city commission?

**02/06**

(3) Are we expecting that in the 2016 budget for the three city commission or do we expect that in the 2017 budget?

Again, the anomalies and the last question is that, are we expecting to hear these anomalies to be fixed up under this amendment that was made last week by the Finance Minister.

Thank you, Mr Speaker.

**Mr PETER O'NEILL** – Thank you, Mr Speaker, and I thank the Member for Lae for her questions.

Mr Speaker, DDAs are already in existence. We are not buying time. If we are buying time then we would be delaying the distribution of DSIPs to your respective electorates.

Mr Speaker, I think that it is only fair that the three electorates in Bougainville are also given the funding that they require to bring services to their districts. It is unfair to say that they would entirely depend on ABG to provide those services to our communities in Bougainville.

Mr Speaker, in the case of Bougainville our government in the last few years have been providing special infrastructure funds to the tune of almost K100 million a year. That has been provided through to ABG for the distribution of infrastructure development on Bougainville.

Mr Speaker, that fund has over the past few years; did not make material difference in the delivery of infrastructure on Bougainville. As a result through the joint supervisory board between Bougainville, ABG and the National Government, the National Government had to intervene. As a result of that you can see projects like the Aropa Airport reopening, the sealing programmes, the roads and bridges programmes that are taking place in Bougainville.

Mr Speaker, these funding will continue as we have agreed with the Bougainvilleans.

Mr Speaker, coming back to the case about Mt Hagen, Lae and Kokopo, these are the three cities that we are trying to develop as city authorities in the country. And as a result of that and to avoid duplication, we have deliberately said that the local Member for those particular electorates will be the Chairperson or Chairman of the city authorities.

Thus, as a result of that, Mr Speaker, the DDA will not be established in those three electorates. But they all have separate *Acts* of Parliament that will manage those three cities.

Mr Speaker, in the case of Mt Hagen and Kokopo, they are starting to be rolled out because we have cooperation from the Members of those electorates.

Mr Speaker, many will recall that the Member for Lae herself declined or she resigned to be the Chairperson of Lae City Authority.

*(Members laughing)*

**Ms Loujaya Toni** – Point of Order! I was in government on that side when we were given the run around with regards to legislative amendments that needed to be made, Mr Speaker. Let us not mislead this Honourable Parliament.

At that time the suggestion to step down as Chairman was because of the delay, the dilly dallying that was happening with regards to release of funds to activate that Lae City Authority.

That parked aside, Mr Speaker, let the Prime Minister not mislead this Honourable Parliament. We come back to the anomalies in the legislative amendments that need to be done to tie all these entities together. So that, not only Bougainville gets theirs but also Lae, Mt Hagen and Kokopo also get their funding.

Half of what the Prime Minister is saying, Mr Speaker –

**Mr SPEAKER** – You are entering into a debate. What is your point of order?

**Ms Loujaya Toni** – No, Mr Speaker, he needs to stick to the point and answer the question because half of what he is saying is not realised in the legislation yet. It is not there in writing. We are still dealing with these amendments –

**Mr SPEAKER** – You have made your point resume your seat, Prime Minister answer the question.

**Ms Loujaya Toni** – Please, stick to the point. Don't talk about –

*(Government Members interjecting)*

**Mr PETER O'NEILL** – Mr Speaker, I am not going to debate the good Member for Lae on this issue when in fact, this Parliament already passed the *Lae City Authority Bill*. It has been passed, as well as the *Mt Hagen City Authority Bill*, and the *Kokopo City Authority Bill*.

Mr Speaker, by law there is no DDA for Lae so she is operating illegally and utilising the DSIP because she does not want to operate the Lae City Authority when she is the Chairperson.

*(Ms Loujaya Kouza interjecting)*

**Mr SPEAKER** – I do not want to entertain anymore Point of Orders. I want to entertain a debate here. You trying to enter into a debate.

*(Ms Loujaya Kouza interjecting)*

**03/06**

*(Members interjecting)*

**Mr SPEAKER** – I am not entertaining any more points of Order. Respect the Parliament. Prime Minister continue.

**Mr PETER O'NEILL** – Thank you Mr Speaker, I asked the Honourable Member to sit down with the State Solicitor and get clarity on how Lae City Authority should operate.

Mr Speaker, today as we speak Mt Hagen and Kokopo City Authorities are operating. I see no reason why Lae City Authority cannot operate. They should put their acts together.

**Ms Loujaya Kouza** – Point of Order! I have mentioned that the legislative changes have anomalies.

*(Members interjecting)*

**Mr SPEAKER** – You have made your point and the Prime Minister has answered you fairly.

#### **PNG Ex-Service Men**

**Mr JOSEPH LELANG** – People in my electorate who have served during colonial days were recruited by the Australian Army. Many of them are in their advanced age. My question is; are there any discussion with the Australian Government or perhaps as a matter of Government policy how do we deal with the ex-service men who were recruited during the colonial era. Thank you.

**Mr FABIAN POK** – I thank the Member for Kandrian-Gloucester for his question. To be brief, I do not have an answer but I will seek advice and respond in writing. There are a lot of people in the country who have served during the colonial administration of Australia.

**Mr HAVILA KAVO** – I have series of questions that I would like to ask the Minister for Petroleum and Energy. Unfortunately, he is not here so I reserve my right to ask when he is available.

### **School Inspectors in Nuku**

**Mr JOE SUNGI** – I direct my question to the Education Minister. I would like to seek clarification on lack of inspection on the High Schools and Secondary High Schools in the District.

We have not seen any inspections taking place in Nuku District by the Inspectors. The name has now been change from Standard Officers to School Inspectors. Can the Minister inform us of the timely inspection schedules of the School Inspectors and why a quarterly or six monthly inspection have not been carried out for the two High Schools in my Nuku District as it was done before?

**Mr NICK KUMAN** – Thank you Mr Speaker. I thank the honourable Member for Nuku.

Firstly, let me inform the Parliament and the people of Papua New Guinea that the name change from Standard Officers to School Inspectors was effected this beginning of the year.

**04/06**

Secondly, we have 89 standard officers or school inspectors right throughout the country with the exception of two province which have half of those number of inspectors. With the high schools we have provincial school inspectors in all the provinces including West Sepik.

At the beginning of this year, with the growth of education in the last four years we have seen a lot of students being enrolled in our general education system and the number of schools, particularly the elementary, primary and secondary schools have grown.



So the Department of Personnel Management has approved an additional 89 school inspector positions right throughout the country to ensure that they visit all the schools and make sure that the teachers are at school teaching, the schools are operating and the curriculum that is supposed to be taught is taught.

Number two is that for Nuku unfortunately out of the 57 schools only five schools have been visited this year and only 30 teachers were inspected out of the 278 teachers in the district.

It is disappointing also that the standard officers or school inspectors were not able to visit all the school in your electorate and inspect the number of teachers in the electorate as well.

The third point is that the support that we give to the standard officers is minimal. We give an allocation of about K2500.00 to operate for the whole year and that is not enough to visit every schools and every teachers.

Those are some of the difficulties that are faced and of course, the lack of housing and the lack of mobility for the school inspectors visit to all the school are also some of the impediments that the department is faced with.

But now that we have additional positions approved for school inspectors right throughout the country, I can assure the Member and all the teachers at our schools right throughout the country that as soon as the appointments are made, probably by the end of September this years, we will have more school inspectors right throughout the country to ensure that the school inspectors are the eyes and ears of the secretary to make sure that quality education is taught right throughout the country.

That is the reason why this government has made a huge commitment to the education system. The school inspectors must be in those schools. If the school inspectors are not doing their jobs, it is the responsibility of the school boards to report those who are not working because the only officer from the department in the provinces are the school inspectors.

So, for the case of Nuku it is rather disappointing that we have had only a few inspections and I want to assure the Member that I will get the secretary to ensure that the school inspectors must visit the schools in Nuku and for that matter, most of the rural areas in this country.

## **Mt Kare Mining Review**

**Mr NIXON MANGAPE** – Thank you Mr Speaker, my question is directed to the Minister for Mining.

(1) Can you tell the people of Lagaip-Porgera and this House what is happening with the Mount Kare Mining or EL 10/93?

**05/06**

(2) Can you also tell the people how many explorations licences within my electorate?

(3).What happened with the Porgera Mining Agreement Review, almost 30 years overdue, thank you Mr Speaker.

**Mr BYRON CHAN** – Thank you very much Mr Speaker, and thank you very much honourable members question, firstly in relations to Mt Kare, the Explorations Licences are in Court at this moment, because some of the processes that has been reviewed at this time and the matter has been taken to court. I just want to make clear that the current holder of that licence summit was recommended by the Mining Council to be refused. I did so refused the licences holder summons, because of their failure to produce their financials, there actually in liquidation.

But like I said that the matter is in court and I don't really wish to go into that Mt Kare issues right now, however the second question on how many licences in your District right now, honourable Member I'm really not quite sure and have to get back to you on that one because I don't have that information available and thirdly, your question on Mining review, there are current disputed among the landowners and I believe the Member is quite aware of those internal disputed among the landowners, associations and get those issues resolved internally, than we can progress that the review and I would like to congratulate the honourable Member for being involved with the current discussions. It's been 25 years since the MOA was attended too, this Government has made the effort to address the situations after it has arisen 25 years. So I'd like to ask the honourable Member request participation to assist get our landowners in order, so that we can progress this review after 25 years, My Department already willing and able to resolve these issues. We have progressed after almost three years and that we are stuck up with the internal landowner disputes again, so I may

request your intervention honourable Member to assist us to get the landowners to agree on certain issues so we can progress the current review. Thank you very much.

### **Rural Air Transport Services**

**Mr WILLIAM SAMB** – Thank you Mr Speaker, I would like to ask my question without Notice to the Minister for Civil Aviation, but before I ask my good Minister, I'd like to commend him for a lot of good work that he is doing and doesn't get recognised.

Firstly, I'd like to commend him for the establishment of the Rural Airstrips Agency which is really helping the remote districts like Goilala.

Secondly, his intervention to waiver fees by the National Airport Corporation to assist the small operators in the Rural Areas?

Thirdly, assisting the Goilala District to enter into a MOU with the Rural Airstrip Agency to address some of our issues in the districts, thank you so much.

**06/06**

The third point that I would like to make is that the airstrip is part of a concept where it is not a matter of fixing airstrips to solve the problem. We see that it is a whole concept where we need to address different aspects. In the districts, we have entered into a MOU where we are fixing the airstrips with the assistance from the Rural Airstrip Agency and also encouraging and training our farmers with help from fresh produce in sustained agriculture.

Mr Speaker, our problem is that even if we get the airstrip fixed, there won't be any aircraft to serve the airstrips. My questions are as follows:

(1) Can the Minister advise what measures he has in place to encourage small time operators to operate in rural areas?

(2) We have seen in the newspapers that there has been a lot of money put into national airports but your ministry covers the whole sector so can you also ask our counterparts to assist our rural airstrip sector as well?

**Mr DAVIS STEVEN** – I thank the Member for Goilala for raising this important issues with his questions. I must admit that the Member for Goilala has shown a strong concern about his electorate and connectivity with his people through the rural airstrips network. He has demonstrated leadership in assisting us to get that issue resolved.

I also would like to register on this occasion my gratitude to all the open Members of Parliament who shown leadership and provided budget support in ensuring that our airstrips are restored in this Parliament term.

Mr Speaker, the questions raise many important issue of servicing those airstrips which is an issue that needs to be dealt with jointly by different departments. But the chief department will be mine and other agencies that are interested in the economic sector of our country.

I am mindful of the efforts of Air Niugini and the Minister for Public Enterprise and State Investment in the recent past has indicated the willingness of the board of Air Niugini to relook at the operational approach in the country. The initiative that they have come up with in developing Link PNG is very important.

Mr Speaker, we continue to face the challenge of the economics of operating into those rural airstrips that do not have the economic justification from the point of view of our operators. This is why our history shows that our rural airstrips have been carried out by mission operators such as MAF, SDA Aviation, New Tribes Mission, the Good Samaritan and others. It has been the mission ran operators that have continued to carry the burden of our air services to our rural people.

Mr Speaker, I take the opportunity to inform honourable leaders that I have just returned from a high level annual conference between our government sector and the operators of the industry in Kokopo. On behalf of our people I once again express our gratitude to hard work and good work and the commitment of our mission operators.

However, this Government is mindful of the challenge and this Government addressing the issue of creating some support and making the concessions that are necessary.

## **07/06**

By the decision of the Nation Executive Counsel, I am happy to announce that we have now created exemptions for those operators who are committed in serving the rural areas where they are exempted from paying landing fees and other charges imposed by National Airports Cooperation and PNGASL.

The Cabinet is aware of a request from the airline operators who are operating in our rural areas seeking some concessions in terms of customs duties and levies on aircraft parts and few other concerns that they have that lead to the high cost of operating into the rural areas, we are working very hard with the industry to ensure that we respond where we can.

Mr Speaker, not all our questions can be answered by money and this Government is working hard to identify those areas and work on them.

Now, the final question relates to this impressive and very important development that is taking place in our airports today.

Mr Speaker, it is fitting that I admit, as Minister responsible that the work of up-grading our airport is a good legacy that this Government has inherited, work done in the past governments where they negotiated very quickly the funding arrangement to address our 22 airports in this country. That work has proven to be a success story, thanks to the management, the implementation and the professionalism of our civil engineers of the Airports Cooperation and the Cadet Programme itself.

Mr Speaker, as a result and in answer to the question of the Member for Goilala, we are now in the position where ADB is willing to look at the next phase of Cadet Batch 2 or phase 2 and I am glad to announce to this Parliament and our people that, that programmes is now being extended to cover our rural airstrips and that is indeed very good news for our country going into the future.

In terms of prioritising, Mr Speaker, that is not a matter that we will reserve to ourselves to give priority to which airstrip will be addressed. This is a Government that is inclusive and recognises that our people's affairs and interests is more important than politics so there will be a way which will be partitioned and we will be encouraging all leaders interested and concerned, including the Member for Goilala to participate in coming up with a priority list of airstrips which should be accommodated in the next phrase of Cadet.

Thank you, Mr Speaker.

### **Supplementary Question**

#### **Cost of Rural Air Services**

**Mr SAM BASIL** – Mr Speaker, I take the queue from the Member for Goilala in acknowledging the good work the Minister has done. I continue with my question to the honourable Minister, is that on the newspaper today, there is a report about, “NAC's Report lack of State Funding”, we the Opposition are equally concerned about the safety of our people and the facilities that help our planes fly from port to port.

Mr Speaker, my questions are, we understand that the tickets that we purchase from Air Niugini and other airlines there is a factor that they put into the cost of the ticket that also

goes to NAC. I understand that NAC has not received much funding but if the Minister can tell us how much has NAC generated in 2015?

Also the second question is, in 2016 Budget how much was committed by the Government in the Appropriation Bill and how much have been received by the NAC?

And my other follow on questions are the functions of the provincial governments and the national government through the Rural Airstrip Authority or Agency (RAA).

Mr Speaker, I see that many provincial governments including Morobe, have budgeted for rural airstrips with the creation of RAA and also the DDA Boards, as like for myself in Bulolo, we have 6 airstrips, including 2, 1 from Kira in Sohe and 1 at Kakoro, in Kerema, that we Bulolo are taking care of.

**08/06**

Mr Speaker, since yesterday, our kina strength was recorded by ANZ Bank at \$US0.32. We are having spare parts problem with third-level airline operators. We have a small planes operating in Wau-Bulolo and other small airstrips that I have mentioned.

Does the Government have any plans to create subsidy for third-level operators in regards to purchasing spare parts?

I am pleased with the landing fee that the Government has wavered and the third-level operators are very happy about that decision.

Mr Speaker, we are oil producing country and normally any country in the world that produces oil for instances like at Napa Napa, we look after our industries and people first before we export.

Can the Minister tell this Parliament if he can use his initiative to get cheaper F Gas and ZA1 from Napa Napa if they are producing these fuel and make it available to all the rural airstrips so the third-level operators can have access to those fuel, especially the F Gas for piston engines?

Mr Speaker, it is very important that the Minister must really bring the Government's attention back to the third-level operators because 80 per cent of our people live in the rural areas and they use the small planes to get to the cities and towns.

**Mr DAVIS STEVEN** – Thank you Mr Speaker, and I thank the honourable Member for Bulolo for his Supplementary Question which appear to be a new question.

Anyway Mr Speaker, on general issues that the honourable Member has raised, I have already alluded to them in my earlier response. This Government has taken the challenge to address the abundant rural airstrip network which we once enjoyed in this country.

The establishment of the Rural Airstrip Agency is a transitional arrangement; it is a partnership that recognises the fact that we as government have let down our people in the past and it is an admission that we need to partner with the people who are actually operating in those areas like the Mission Aviation operators that I have just referred to.

This transitional arrangement is established to help us to define our policy including the policy on subsidy and the other issues of high costs and the economics of running these airstrip services so that we do not create another monster that we cannot operate meaningfully for the benefit of our people.

Mr Speaker, as I said, the Cabinet is aware of these issues due to the constant annual consultation we are holding as an intervention or measure that this Government has put in place to begin to address this issue.

The question of F Gas and other related issues are matters that are complex as I stated earlier but as we go on, we will begin to address them. It is important to note here that the Civil Aviation Policy in this country is about ensuring the Aviation Transport Sector is helping to develop our country. We know that 80 per cent of our people are in the rural areas. We know that there is an issue about connectivity today and this is what this Government is about in continuing our dialogue.

On the question of working partner and working with the rural Airstrip Agency, this has been the subject of discussion in this Parliament before and I have written to the Members' concerned and we have had lunch hour conferences with officers of the Agency to discuss with Members who are interested.

It is not surprising that the honourable Member for Goilala is benefiting from that arrangement. Even though he entered Parliament later, he went directly and sought the support that he is now receiving.

Mr Speaker, this is all about dialoguing so where there is an absence of sufficient funding as it is been reported, the funds are already trickling down by way of LLG SIPs, DSIPs PSIPs and other sources that might come in the near future.

Mr Speaker, the whole idea is about leadership taking control and looking where we need to look for support.

Mr Speaker, let me finish by saying this, the Aviation Industry is highly regulated. It is a very high cost industry and it is a very dangerous area for us to venture in if we are thinking about business. This Parliament and the leaders in this country must understand this issue.

**09/06**

This is about community service obligation, it calls for us to work together and to engage with the industry and it calls for policy that can sustain this important sector into the future.

As for the figures that the honourable Member has sought in terms of the revenue generated, that's the basic income that is being generated for the sustenance of NAC, the levies that they collect, outside that there has been no support, and I repeat this, the support that is going through any budgetary allocation is about programs and this is not a policy that this Government made.

This Government inherited a drive for our public service to be modernised, the authorities that have been established, the rationale was that, they will stand alone and create their own income and that is what we are pushing for. In NAC we are very careful not to over-ride to kill an important industry operator or authority. Therefore, despite the funding constraints we were able to discharge our duty.

I want to assure the Member for this Parliament and our people that we have system that works to ensure that safety is guaranteed. If the airports don't meet the standards set than it's not the NAC that decides, but Civil Aviation Safety Authority and CASA conducts regular routine inspections to make sure minimum standards are observed. Therefore as a result the airports which have issues, for instance Kokopo but as long as CASA inspection is there to direct and guide these operations and minimum safety is maintained these airports are open. I want to assure the honourable Members of this Parliament that CASA has certified the operations of all our 22 airports in our country today. Thankyou.

### **Implementation and Performance Assessment – Vision 2050**

**Mr ELIAS KAPAVORE** – Thank you Mr Speaker, my question is directed to the Minister for National Planning and Monitoring. Before I ask my questions, I acknowledge that the Minister has been one of our productive Ministers in the current Government.



Mr Speaker, the Vision 20150 attempts to decide on our destination as a country. The mission statement states that we will be ranked in the top 50 countries under the human development index by 2050. When this plan was written, PNG was ranked 124 out of 177 countries under the United Nation. This is according to the 2009 UNDP Report. It states that we are supposed to improve our ranking to 123 by 2020 and to 98 by 2030.

Mr Speaker, in the last couple of years we have noticed that our ranking has dropped to 157 out of 187 countries despite the fact that more funding by the Government has gone to various Government entities and especially to the district. My questions are,

(1) Do we have a legislative Government to monitor and evaluate the implementation of this important Vision?

(2) Do we have an independent team or professional body to asses our performance as a country and verify if necessary prior to publication or are we just depending on UNDP reports?

The HDI consist of three dimensions, the life expectancy, adult literacy and the income per capita.

(3) Do you think it is time we hold each sectors of Government accountable to ensure research and monitoring units are in place to give updated data with reports by various ministers in health, education, , agriculture, community development and others to Parliament on a quarterly basis so that we asses and monitor our progress?

Pomio District in East New Britain province is rated among the list as we all know, can the ORD or NESC provide to open members our district performances with updated statistics pertaining to the Human Development Index (HDI) on a quarterly basis?

**10/06**

Lastly, the 2015 HDI as I have said already is around 57 out of 187.

(4) Can we dissect these statistics so as to reflect each district, province and regions?

These information must be published from time to time to throw attention and actions where necessary.

Thank you, Mr Speaker.

**Mr CHARLES ABEL** – Thank you, Mr Speaker, and I thank the good Member for Pomio for his excellent question, which is quite technical in nature in relation to the Human Development Index (HDI), but very important.

I, also thank the Member for his courtesy for exactly providing me with the questions in writing yesterday, which does not happen very often. But I appreciate that because it gives me a bit of time to analyse some of these technical information.

Mr Speaker, given our short time. I will try not to take too long but I just want to emphasise at the outset that we have got a wonderful *Constitution* and fantastic plans, which include the Vision 2050 and I speak a little about that.

With that, we have emphasise every day that what we are focused on today and what we spend most of our time on is delivering the fundamental and basic services to our people. And that is what our government is focused on like, infrastructure, education and health and try to keep it as simple as possible.

In relation to the Vision 2015, Mr Speaker, I think Parliament well knows and I think that the Member needs to be updated somewhat on the evolution of the planning process, particularly under our government. But the Vision 2050 was initiated through the Somare-Temu Government at the time in the last Parliament Session.

They did some wonderful work there and of course it was spearheaded by the Deputy Prime Minister at that time now the Public Service Minister, the Honourable Sir Puka Temu. It was a great document with the aspiration as we will well know the Healthy, Wealthy and Wise Country.

One of the specific aspirations in that document was that for Papua New Guinea progresses to become the top 50 ranked in the world in terms of the Human Development Index (HDI). The Parliament may also recall at the time under the Somare Government that the National Planning Department also developed the Development Strategic Plan 2010-2030. That had a separate aspiration in terms of getting into the middle income ranked countries by 2030, and it was a 20 year plan. It therefore was developed somewhat independently of the Vision 2050 document. Then the National Planning Department then broke it down into subsequent 5 year development plans beginning with the Medium Term Development Strategy which was 2005 to 2010. It then had the Medium Term Development Plan 2011-2015 with a more specific and detailed arrangements there.

When our government came in through the Alotau Accord we decided as one of the 78 principles there that, we would review some of these development plans and just make sure that they are appropriately strategic given the circumstances that are happening in world today, which were rapidly changing. And we talking about Climate Change on the Floor of Parliament here yesterday with the fantastic legislation to incorporate the COP 21,

obligations in the Paris Agreement into legislation for this country. This is because the world is recognising what is happening at the moment in terms of climate change within our own country in terms of El Nino, frost and malaria migrating up into the Highlands.

I just returned from China and while talking with some of the Chinese citizens there, while development is happening but some of the comments that they were saying was that, they wanted to see blue skies and breathe clean air. So, there changes happening in the world like refugees, migrations and so on that, it needs to be taken into account.

That is why through this review our government came up with the Stars Programme to make sure that we are sufficiently and strategically positioning ourselves going into the future. This is so that while we develop all our social services and infrastructure and so on, we leave behind a future for the future generations. And that is what sustainable and responsible development is all about.

Mr Speaker, in coming up with the Stars Strategy we developed the *National Planning and Monitoring Responsibility Act*. We didn't know it was the Planning Framework and in that National Planning Framework we have incorporated the Vision 2050 there. So, the underlying paradigm is the Stars Strategy, which based on the *Constitution* and then we have the Vision 2050 aspirations that sit in there including the Human Development Index.

The Human Development Index is a statistics produced by the United Nations Development Programme and it basically is an attempt to measure the progress of a country and to move away from too much emphasis on economic progress and bring in human development elements into it.

They publish that document every year and they rank the countries based on that assessment, which includes life expectancy, education aspects to it and it includes GDP or gross national income per capita.

Mr Speaker, one of the issues that we have had in our country is the unreliable data to produce some of these international statistics.

**11/06**

We have been doing a lot of hard work in that regard to be able to develop those statistics.

In terms of Vision 2050 aspirations in the top 50 nations, I must say that we need to qualify that a little bit. Because if you look at the human development index, we just had the

2014 publication that came out clear that Papua New Guinea is progressing according to the individual score card.

In regards to other countries who are progressing at different phases, we are not necessarily increasing our ranking so we are improving in terms of human development performance but not as fast as he would like.

So when you are talking about ranking in the top 50, it is a good aspiration but it does not necessarily reflect the progress that PNG is making itself.

Since 1980 we were point 323 because they rank you from zero to one percentage wise. So 1980 was point 323 and in the latest figure is point five zero five. So we are making progress.

If you look at some of the work we are doing at the moment, we are making sure that these figures are up to date. The census reports are sorted out in GDP recently updating it up to 2013. The other statistics we are doing at the moment is the Democratic Health Survey which is underway.

Mr Speaker, as we speak many of these things were neglected in the past. By the end of this year we are confident that some of these information and the investments that the government is making will see a significant increase in PNG ranks in terms of human development index.

We are stumbling because of lack of information and that is why a lot of reforms are happening at the national statistics office. A lot of reports and programs that we are doing including the planning is a national monetary framework to give some emphasis to that. We want to thank the development partners, the Australian Government and others, the World Bank and IMP who are coming in through the Australian Bureau Statistics and helping to reform the NSO Office.

We have the National Civil Identity Program on the way stimulating a population information data base which we will be using to also give timely and accurate information to better reflect some of these development performance of our country.

Mr Speaker, in term of vision 2050, the Office was created under the Office of the Prime Minister. It has remained there ever since. I am not sure what reports they are producing but for your information will be incorporated into our planning framework.

If you look at the NCDP N0. 2 which we have published concedes with the political cycle. Human development index is a number one indicator in the NCDP and National

Planning Department is obliged to produce the annual budget, the medium term development pocket book that published all these indicators.

We publish the information behind the indicators but that will be verified by the international agencies and in this particular case it is the UNDP who will verify and publish the report in the United Nations Report. So we do not publish the information ourselves. We only produce the source data.

So we are progressing although human development index is not entirely satisfactory. It needs to better reflect things like the income equality and sustainable development because the elements are mentioned already like the money and education.

For instance, we can chop all the trees and dig up all the gold so this generation can be very high on development index but we may destroy the next generation. So the UN is also looking at reviewing some of these measurements of progress so that they are more holistic.

In terms of the individual reporting you will find that through the demographic health survey, rather than collecting statistics on regional basis they are separating it down to provincial basis. So that when we do provide the report they can be more detailed in provincial and district level.

For the first time people have information on province basis so that we can utilise and develop the human development index.

## **12/06**

A lot of effort is going into producing these reports. I've already got waiting the Millennium Development Goal Report, the Poverty Index of Papua New Guinea Report, the Household Income and Expenditure Report, the Demographic Health Survey, the Census Report and others.

This government is giving emphasis to reporting on our scorecard. And of course, that scorecard can only improve with the continued emphasis on the fundamental empowerment factors that our government is investing into in record amounts than ever before.

We commend and appreciate the Vision 2050. It is incorporated into our planning process, in particular the human development index rating, but we have a whole series of indices we are also reporting against.

And we are now incorporating the New Sustainable Development Goals as well and we have our very own National Strategy on Responsible Sustainable Development. That

speaks about a new economy and a sustainable future for Papua New Guinea based on Papua New Guinean Ways in our constitution.

So, I've said enough, I think I've answered the question of the honourable Member, Mr Speaker, and otherwise we can discuss further outside the Parliament.

**DEPARTMENT OF THE PRIME MINISTER AND NATIONAL EXECUTIVE  
COUNCIL – ANNUAL PERFORMANCE REPORT, 2015 – PAPER AND  
STATEMENT – PAPER NOTED**

**Mr PETER O'NEILL** (Ialibu-Pangia – Prime Minister) – I present the following paper pursuant to statute.

*Department of Prime Minister and National Executive Council –  
Annual Report 2015.*

I wish to make a statement in connection with the paper.

Leave granted.

Mr Speaker, it gives me great pleasure to present the 2015 annual report of my department.

Mr Speaker, like many other departments in our government, my department undertook many activities in 2015 but let me take this opportunity to highlight some of the key critical achievements that have been critical to the overall performance of our government.

Mr Speaker, as you know, in 2015 Papua New Guinea hosted three major events including the 15<sup>th</sup> South Pacific Games, our 40<sup>th</sup> Years of Independence Anniversary Celebrations and of course the 46<sup>th</sup> Pacific Islands Forum Leaders' Summit.

Mr Speaker, these events were delivered very successfully because of the very strong coordinating role played by my department in ensuring that there was efficient and timely facilitation of these meetings and of course infrastructure so that we can host these events.

Mr Speaker, the South Pacific Games alone will remain the biggest single games ever hosted by any Pacific nation and, Mr Speaker, we must be proud of that achievement. Even though we were three years behind schedule we were able to deliver it on a very timely basis.

Mr Speaker, our ability to now host world class event is now evident. It has taken our country to a new level and I must admit that we are the envy of many of our neighbouring countries.

Mr Speaker, on the international front, on behalf of our country I and my officials were engaged in a few meetings including the PAM7 Summit in Japan, the Working Investment Conference in UK and France, the 20<sup>th</sup> MSG Leaders, Summit in Solomon Islands, the India and Pacific Islands Nations Cooperation Forum in India, working Bilateral visits to Japan at the invitation of the Prime Minister of Japan, the APEC Economic Leaders' Summit in Philippines, and several other official engagements with our neighbours, including Australia and New Zealand.

Mr Speaker, these engagements are vital to the continued growth of our country and of course, our desire to encourage investors to invest in Papua New Guinea and its economy.

Mr Speaker, I want to thank my department for providing the support that has been necessary for these international engagements.

Despite many political challenges and legal challenges my department has been able to remain focused and has facilitated for almost 37 NEC Meetings in 2015 with a total of 570 NEC submissions which were received and deliberated on.

### **13/06**

Mr Speaker, this is amongst the highest number of meetings held in any given year and it clearly shows a consistent level of commitment and dedication by the Department and of course the NEC but also a consistent level of commitment by Ministers despite all the challenges facing the Government and themselves in their electorates so that we can be able to meet on a timely bases and deliberate on the matters of national importance.

Mr Speaker, through the Office of Legislative Council, we produced 79 pieces of legislation including amendments to existing Laws; 21 Regulations: and, 366 Statutory Instruments.

Mr Speaker, and for the first time since Independence, the office revised and put together a consolidated version of the PNG Constitution taking in account all the

constitutional amendments ever made to the PNG Constitution since Independence. This was done to commemorate our 40 years of Independence.

Mr Speaker, apart from the many briefing papers and advices the Department has provided to me and the Government on major policy issues, clearly there is a marked increase in efforts to coordinate and follow up with the sector agencies to ensure we all stay focus on our course to deliver the priorities we set out to achieve when we came into office.

The ICAC legislation is now before Parliament and will soon be introduced for us to take a final vote and bring it into law.

The National Security Policy is being implemented, while the reconstruction of the famous Pineapple Building has been completed and renamed Sir Manasupe Haus. The building now houses my office and the Department. These are key projects my Department has been undertaking.

Mr Speaker, overall the performance of my Department is indeed the performance of our government. I can assure this House, that Department will continue to maintain the pace and its performance to ensure our Government and the people are served to the fullest.

I therefore commend the 2015 Annual Report to this Honourable House. Thank you, Mr Speaker.

**Mr DON POLYE** (Kandep – Leader of the Opposition) – Thank you Mr Speaker, I commend the Prime Minister for his report on how the Office of the Prime Minister has spent the public monies on various areas where we can read through them and make some comments through various forums later. But very quickly on the statement by the Prime Minister on the report, I want to make two strong observations from my own perspective or opinion.

Mr Speaker, my first observation is that we must establish through a firm legislature of the Department of the Prime Minister. I feel that right now, we do not have a Department of the Prime Minister but the Office the Prime Minister. The National Executive is a constitutional office and the First Legislative Council is also a constitutional office and they are separate institutions like the Ombudsman Commission or the Department of Police et cetera.

Generally, the Prime Minister is the CEO and I am not referring the current Prime Minister, honourable Peter O'Neill and he knows because I often bring it up in the NEC



when I was in the Cabinet. In the Office of the Prime Minister, there must be a full institutionalised structure in place if it you want it to be a Department.

We have a Chief Secretary who is like a super secretary, Chief of all the Departmental Secretaries but he should also have a Deputy Secretary, FAS or ASS so now that if we call it the Department of the Prime Minister then we must have all this sort of structure in place.

**14/06**

For instance, the Department of Finance has its own audit so does the Department of National Planning to check on these expenditures. There must be people checking those requisitions or claims that are being paid out in the contracts. There must be a system that automatically check out these things even before the auditor general comes in.

Mr Speaker, I believe that we do not have a proper structure for the Department of Prime Minister which I believe that we must create by legislation. At the moment, what the Prime Minister has done now is presenting this report. There will be good and bad criticisms.

**Sir Puka Temu** – Point of Order! I just want to remind the good Leader of the Opposition that the Department of Prime Minister and NEC are established by law so what is he talking about?

**Mr SPEAKER** – Your point of order is in order.

**Mr DON POLYE** – Laws can be amended or enacted or repealed. If the Minister for Public Service does not want to do his job then he should step aside and let another minister do the job. I am saying that we must draw up proper legislature and by that I mean amendments, enactments or repealing of an existing law. I know what I am talking about.

When I talk about accountability and checks and balances I meant that there must be assigned authorities to check where departments are spending. It is very important especially when you have parked so much money with one department. That department must have its own checks and balances that have been institutionalised for keep watch. I am not criticising the Prime Minister but all I'm saying is that we must have better laws to cater for our auditing.

Mr Speaker, I observed that the Minister for National Planning had a hard time trying to answer the questions from the Member for Pomio. I am not criticising as the Leader of the Opposition but rather from a neutral perspective. We cannot be a country of Papua New Guinea and at the same time try to be separate from international forums in the international community. We are part of the international community so we cannot think that observations done by international organisations are wrong and we are right. We are only going to shoot ourselves in the foot and that would be a grave mistake.

I believe that this tasks must be under the office of the Prime Minister under the new legislation that I am suggesting. I am saying that the office of National Statistics must be the business of the Prime Minister so must be the office of National Planning. The issues of economic development must come directly under the Prime Minister office. Why must the Prime Minister's office give away National Planning, economic development and human development statistics to other ministries to shoulder? I believe these must all come under the Prime Minister's office and whoever is the Prime Minister of the day.

Mr Speaker, when we talk about human development index per capita income, it must come directly under the Prime Minister to administer. This is because we are talking about the real issue as in human development. I heard the Minister for National Planning saying that human development is different from the economic development. The position on this side is no.

Human Development is the ultimate objective you must achieve through economic development. When you talk about human development then that is development and not anything else. You cannot separate economic development from human development. The aim of any government is to achieve human development per capita income into a household must be the objective of any government.

What we see is that human development in the statistics are the outcome of any economic policy that you have, let alone Vision 2050 or any other strategies. Those areas must be where the Prime Minister is to address them.

**15/06**

In the future I believe that we must have those important fundamental issues of human development that must become the business of the Prime Minister or the CEO of the country, not just money matters, economic or infrastructure development matters. Mr Speaker I believe we must restructure the office of the Prime Minister into the Department of Prime

Minister with proper structures where not just the Prime Minister and the NEC but the Prime Minister and the Minister of Resource Economic Development or Human Development which should be the fundamental focus of any government. So when I saw this report, it was good we have such report from all of us but I know there will be many constructive and criticisms within after reading through because of the nature of the structure it is but we have to have this. But one more thing Mr Speaker is that the Prime Minister's office should also be in charge of the office of the National Statistics. It must come under the Prime Minister's office because when we talk about all these statistics, how do you measure all these progresses? It is only done through statistics. From the Opposition's side, I want to fire a political rhetoric question or issue or statement, but when I do, I have put every detail of statistics in-place for all of us to see, debate and criticise and build up on.

This is twenty first century, no government or businesses in the economic world today are succeeding without establishing factual genuine statistics. My other colleague, Minister for Finance and Planning, when I was with them knows about it that I've been pushing through this to restructure the National Statistic Office, and that is the area you look into before you criticise an international organisation criticising our statistics here. We must show them that here are my per capita income report I have and there you have the grounds to argue and debate on the matters at the international forum to put Papua New Guineas case forward.

From the Oppositions observation at the moment, we see that our statistics are all over the place, National Statistics office not functioning at all. That is very important and must come under the Prime Minister's office, because Prime Minister is the CEO, how can he make inform decisions, based on the statistics. How can he allocate funds to make a budget, based on the statistics that you have here against theirs and you can make informed decisions?

Mr Speaker, I can see the Minister for Public Service smiling that means he agree with me.

*(Laughter in chamber)*

**Mr DON POLYE** – Sometimes we argue but when facts comes out, we just agree to agree on facts while we agree to disagree on political rhetoric. Let me complete by saying, I remember introducing something else called the IGIS (*Integrated Government Information*

*System*). Let's think modern, we are in the twenty first century, the IGIS must be part of the National Statistic office that I am debating on. You have that system integrated into all the districts. So when a child is born in Kandep, Don Pomb Polye sits in his office and presses the button on the IGIS, and I know in whatever constituencies, babies are born last night. The Prime Minister Peter O'Neill sits in his office and when he sees his people in Pangia in Wiriu constituency, sees one hundred babies born and says he is productive. Mr Speaker, what I'm saying is, in that way you add on to your statistic, you have got an efficient system of communication through the integrated government information system in place by the application of this technology. Minister for Higher Education, Science and Technology should take note of that, this is an important area. We believe in this side that we should approach scientifically to advance in Papua New Guineas development programs. Not just living in the past, also living today, thinking the past, think what the government is doing all the time, thank you Mr Speaker.

**16/06**

**Sir PUKA TEMU** (Abau – Minister for Public Service) – Thank you Mr Speaker, for giving me this opportunity. Firstly, I believe the Parliament needs to thank the Prime Minister for providing the leadership in bring this last year's annual report so congratulations Mr Prime Minister for taking the leadership.

The Prime Minister should be congratulated for the amount of work that has been dispensed through his leadership and it is very clear on the report. I am not too sure where the Opposition Leader is coming from. He is talking about the restructuring this Department but what the nation has heard is that the job that our Prime Minister, the Chief Executive Officer of this country has made has brought this country to a level that is recognised by many nations that never recognised Papua New Guinea before. Now, they are doing business with Papua New Guinea. They are talking to us all the time now. Look at the investors coming into PNG and many conferences that we have hosted. Look at the South Pacific Games that we have proudly hosted. The entire nation was very happy so what is the Opposition Leader talking about?

Mr Speaker, come on! Let us give credit where it is due. While everybody in this country were very happy for us proudly hosting the best ever South Pacific Games, somebody else has lost his track and is talking about office of the Prime Minister and NEC

should be a department. Mind you, it is already a department by law and it is called the Department of Prime Minister and NEC legislation.

The Opposition Leader has been a Deputy Prime Minister before and has been there all this time but he has forgotten that there is a law that established the Department of the Prime Minister and NEC. So where are we coming from?

Mr Speaker, when we through Parliament and I acknowledge the leadership of the former Prime Ministers but the Parliament needs to agree that this report by the Prime Minister highlights that Papua New Guinea has now being brought to its rightful global position; regionally as well and internationally. We have heard our Prime Minister been invited by Presidents and Prime Ministers of leading nations in this world. And the Prime Minister has been the top ambassador of our country. Look at the vibes that are happening, the United Kingdom delegates never came before but now they are coming with other international delegates. So, Mr Speaker, the Prime Minister needs to be commended.

The other point that the Opposition Leader raised in relation to audit, the Prime Minister cannot present a departmental report without the Auditor-General certifying it. So the systems are already there, accountability searches are already there. Every Minister has to bring to this Floor of Parliament every month year their departmental report. Many of us here have failed but the Prime Minister has taken the leadership and this is the way that the nation is moving; a leadership that is providing the right leadership that is expected.

Mr Speaker, we have always talked about the level of the status of the Office of the Prime Minister. The Prime Minister's Office must provide the big picture macro thinking and not to be embedded in micro level like merging the NSO office, Planning and every other office with the Prime Minister's Office.

The Minister for Planning has done a commendable job. He is re-looking the entire NSO issues and providing support to NSO. The Health and Population survey was never done before.

**17/06**

Some of us have been around for donkey years like the Opposition and you were given the leadership but you ignored the NSO and the Minister for Planning has now picked it up and now you are complaining about it. Come on, give credit where it is due.

Mr Speaker, I just want to commend the Prime Minister on this leadership that he has provided and the enormous work that the Prime Minister has generated , travelled all over

the country all around the world and we are where we are now. Look at the support that the budget has generated through DSIP and PSIP, look at the way we have handled the economy while many nations of the world are struggling, having food queues in countries that we see in the global newspapers all the time. We need to acknowledge the leadership.

Mr Speaker, I want to make a comment that our nation unfortunately has the culture of talking leadership down, this is a problem we have in this country. When somebody is doing a good job, we don't acknowledge the enormous amount of work that was done, the time and effort that he spends. We need to change that mindset.

**Mr Don Polye** – Point of Order! Mr Speaker, my point of order is, if you listen to what we have said, we are debating. Do not discourage debate. Talking down is different from debating so don't mislead. You must encourage healthy debates. You do not crawl, you talk about issues front on. You are always crawling, Sir Puka Temu.

**Mr SPEAKER** – You have made your point.

**Sir PUKA TEMU** – Mr Speaker, I am also debating.

*(Members laughing)*

**Sir PUKA TEMU** – This is what debate is all about, Mr Speaker, please Mr Speaker, the Opposition Leader is out of order.

*(Members laughing)*

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

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

**DEPARTMENT OF FOREIGN AFFAIRS AND IMMIGRATION –  
TREATY DOCUMENTS – PAPER AND STATEMENT –  
PAPER NOTED.**

Mr ANO PALA (Rigo – Minister for Justice and Attorney General) – Mr Speaker, pursuant to statute, I present the following Treaty Documents on behalf of the Minister for Foreign Affairs and Immigration who is representing the country overseas.

Mr Speaker, I present the following documents;

- a) Agreement between the Government of Republic of Korea and the Government of the independent state of Papua New Guinea and for air services between and beyond their respective territories.
- b) The Air transport service agreement between the Government of Papua New Guinea and the Government of Federated States of Micronesia
- c) Agreement between the Government of Peoples Republic of China and the Government of the Independent State of Papua New Guinea relating to civil air transport
- d) Agreement between the Government of the Independent State of Papua New Guinea and the Government of the State of Israel on Visa exemptions for holders of diplomatic service officials, national and ordinary passports
- e) International Coffee Agreement 2007 and
- f) International Cocoa Agreement 2010.

I ask leave of the Parliament to make a statement in connection with the paper.

Leave granted.

Mr Speaker, this agreements need to be ratified by Parliament before they come into force, the agreements as have been read out are six of them. The main objective of the agreements are to provide the framework for scheduled air services between Papua New Guinea and the countries concerned to promote Papua New Guinea's aviation interest and contribute to the enhancement of bilateral relations. China and Korea are major development and trading partners for PNG. The signing of the air services agreement will enhance bilateral ties, encourage further trade and investment to resume and people to people link between PNG and the two countries.

**18/06**

Mr Speaker, need to be ratified by Parliament before they come into court. The agreement have been read out and there are six of them.

### **Air Service Agreement**

The main objectives of the agreements are to provide the framework for scheduled air services between Papua New Guinea and the countries concerned to promote Papua New Guinea's aviation interest and contribute to the enhancement of bilateral relations.

China and Korea are major development and trading partners for PNG. The signing of the Air Services Agreement will enhance bilateral ties, encourage further trade and investment, tourism and people-to-people links between PNG and the two countries. This will also contribute to enhancing connectivity and meaningful participation by PNG in the Asian Century.

The Federated States of Micronesia is also an important South Pacific neighbour in the Micronesian Group. The agreement will provide vital connection between the Southern and Northern Pacific Islands. This will go well with the Pacific Islands Forum's Framework of Pacific Regionalism, which promotes greater integration and cooperation between Pacific Island countries.

The agreement with the Republic of China or Republic of Korea was signed on 25 November, 2015 in Port Moresby with the Federated States of Micronesia on the 10 September, 2015 in Port Moresby, and with China, on the 16 July, 2016 in Beijing. The agreements were concluded in the spirit of the Chicago Convention 1944, on International Civil Aviation which established these rules of airspace, aircraft registration and safety, and details the rights of the signatories in relation to air travel.

Honourable Speaker and Members, the Visa Waiver Agreement between the Independent State of Papua New Guinea and the State of Israel, the government has endorsed for PNG to pursue reciprocal visa waiver agreement with selected countries or government leaders, officials, diplomats and ordinary citizens.

The arrangement with Israel is also endorsed by NEC. Israel is a key development partner for PNG, particularly in the areas of agriculture, education and training, security, technical support, technology transfer and capacity building and others. Furthermore, given our Christian heritage and links, Israel is of immense interest to Papua New Guinea.



NEC Decision No.107, 2016, approved that due to the urgency of the matter, the 10 sitting days requirement under Subsection 3 be waived in favour of requirement of parliamentary privileges under Section 117, Subsection 5 of the *Constitution*. Hence, the ratification of the Visa Waiver Agreement with Israel will enable greater movement of leaders, officials, diplomats and ordinary citizens between the two countries, and contribute to closer development, trade, economic, culture and people-to-people links.

Mr Speaker, the 2007 Coffee Agreement and 2010 Cocoa Agreement have been signed by Papua New Guinea on 7 November, 2008 and on 22 April, 2016 respectively. PNG needs to ratify the agreements in order to gain full membership of the organisations and subsequently become a party to the agreements.

The National Executive Council (NEC) had approved the ratification of the International Coffee Agreement at its meeting on 9 December, 2009. The agreements will strengthen the respective organisations roles as a forum for inter-governmental consultation, facilitate international trade through increased transparency and access to relevant –

## **19/06**

Coffee and cocoa are key agricultural commodities for PNG, which in 2015 had a combined export value of some K687 million.

Mr Speaker, the agreements that I have just presented are important ones that will impact positively and significantly in promoting and protecting our national interest, our global and regional commitments, as well as contribute immensely to our national development goals and well-being.

I therefore, urge all Members of Parliament to support the ratification of these agreements.

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

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

## MOTION BY LEAVE

**Mr ANO PALA** (Rigo – Minister for Justice and Attorney-General) – I ask leave of the Parliament to move a motion without notice.

Leave granted.

## TREATY DOCUMENTS – MOTION TO WAIVE SECTION 117(5) OF THE CONSTITUTION

Motion (by **Mr Ano Pala**) proposed –

That in accordance with *Section 117 subsection 5A* of the *Constitution* this waves *Section 117 subsection 3* of the *Constitution* which requires that Treaty Document to be presented to Parliament for at least 10 sitting days before Papua New Guinea can be bound as a party insofar as that provision applies to ratification of the:

- (a) Agreement between the Government of the Republic of Korea and the Government of the Independent State of Papua New Guinea and for Air Services between and beyond their respective territories.
- (b) Air Transport Services between the Government of Papua New Guinea and the Government of Federated State of Micronesia.
- (c) Agreement between the Government of the People's Republic of China and the Government of the Independent State of Papua New Guinea relating to civil air transport,
- (d) Agreement between the Government of the Independent State of Papua New Guinea and the Government of the State of Israel on Visa Exemptions for holders of diplomatic, service/official, national/ordinary passports
- (e) International Coffee Agreement 2007
- (f) International Cocoa Agreement 2010

**Mr Kerenga Kua** – Point of Order! This is just a procedural. This agreement needs to be properly ratified. The question is, we need to take some advice from the Clerk to give assurance that we are doing the right thing which is whether we can ratify a number of agreements together as a group or ratifying them one by one.

The *Constitution* says that each agreement has to be ratified as an agreement by itself. I am therefore, asking that we should ratify one at a time rather than put them together.

**Mr SPEAKER** – You have a good point of Order. Let me seek advice from the Clerk. I think if it is prepared in this manner it should be in order. The Clerk would have advised me separately. But it is as it is and done in one package so the Clerk has provided advise.

The motion requiring an absolute majority of 56 Members as required by the *Constitution*, Mr Speaker ordered that the bells be rung.

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

**AYES – 66**

**NOES – 0**

The motion was agreed to with the concurrence of an absolute majority as required by the *Constitution*.

**20/06**

**EMPOWERMENT OF LANDOWNERS, PARTICIPATION AND OWNERSHIP OF  
RESOURCES – STATEMENT BY THE PRIME MINISTER –**

**PAPER NOTED**

**Mr PETER O’NEILL** (Ialibu-Pangia – Prime Minister) – Mr Speaker, I wish to make a statement in respect of my commitment to the Parliament last week that I intended to announce some decisions that our government has taken in respect to our relations that our government has with the landowners, our people, the provincial governments and the resource development in the country.

Mr Speaker, these decisions will certainly have a direct bearing in future resource developments that will take place in the country. But the decisions that we have taken are because of the direct interest that the government has in these particular projects that I am going to announce today.

Mr Speaker, land and its connection to our people is very much at the heart and soul of our country and our communities. Our land continues to give us life and of course,

continues to support our communities and their livelihoods. It gives us a place for our communities to live and landownership provide certainty for our children and their children.

But too often, Mr Speaker, in the history of our country, our landowners and our people have been let down. Our landowners and their communities have been made to be bystanders while of their resources have been taken away from them.

This Mr Speaker, includes foreign and national companies and this has been supported by successive governments. Our government, however, has committed itself to empowering our people and this commitment is embedded in our Alotau Accord when we formed the government in 2012.

Mr Speaker we are committed to giving direct participation in the resource development in our country so that our landowners can take ownership and continue to build capacity in order to sustain their own livelihoods and those of their communities.

Mr Speaker, I wish to announce to the Parliament today that a series of decisions have been taken by our government which relates to interest of landowners and the people specifically in the Western Province, Hela and Southern Highland provinces where the LNG and oil are being produced and the Autonomous Region of Bougainville.

Mr Speaker, these decisions are milestone decisions in the history of our country. They will continue to empower and give confidence to many landowners and communities throughout the country.

Mr Speaker, the first of which concerns our direct equity in Ok Tedi Mining Limited. This decision gives the Fly River Provincial Government and the Mount Fubilan Landowners more say in their participation in the development of that mine.

The National Executive Council has endorsed the decision of our Government to transfer 33 per cent, one third of Ok Tedi Mine Limited's equities to the people of Western Province including landowners, mining affected villages and the provincial government.

This is a totally different approach to the past where the people of Western Province only received dividends of up to 6.1 per cent that was held by the State.

Mr Speaker, today we are providing them with direct equity participation for the people of Western Province and the landowners that will allow also further participation at management and decisions at the board level.

Mr Speaker, the people of Western Province will come to their own agreements about the distribution of the shares amongst themselves between the provincial government, the landowners and the communities surrounding the mine.

But, Mr Speaker, we have agreed in Cabinet that we will park this particular shares now to be held in trust by the Mineral Resources Development Corporation via managing the Mineral Resources Ok Tedi and Mineral Resource Star Mountain on behalf of the people, provincial government and the landowners as well.

**21/06**

Mr Speaker, the value of the resources in Western Province is enormous and the people of that province and of course, the communities around the Mine must continue to benefit meaningfully of these resources.

Mr Speaker, the current assets of Ok Tedi will be valued at nearly close to US\$3 billion in 12 months' time. I know that time when the former chairman of that mine has made a public advertisement today but our Government is not going to engage in a war words, we will allow the courts to make those determinations.

But one thing is very clear. After all this years of operating the mine under BHP and of course, under PNG Sustainable, it is evident that our people and our provincial government has received limited benefits and it is for that reason, we are making this decision.

Mr Speaker, when we took over the mine, it was less than US\$500 million worth and today, it stands to be of a substantial value.

Mr Speaker, since taking ownership of the Mine, and it has turned around through the new management. We have got world-class management in place and we have of course continue to improve on the activities of the Mine including upgrade of all the mining equipment. We have of course changed the way the Mine operates itself including better management of the environment and making sure that our communities live in safe and of course, continue to improve their lives.

Mr Speaker, because of the management re-tooling and of course enhancing the production processes, the Mine's efficiency has improved making the Mine more profitable and able to operate more efficiently in a low-price environment that's a good news. When the prices continue to improve, that means that the mine will become more profitable in the long term.

Mr Speaker, in broader terms, these arrangements today will see that the people of Western Province will have a total assets including the funds they have in the PNG Sustainable Development well over at US\$ 2.4 billion, making them one of the riches provinces in the country. And I am hoping that through the landowners and the Provincial

Government, they will continue to manage these funds well for the benefit the future generations in the coming years.

Mr Speaker, of course we are aware of the issues that we have with PNG Sustainable, we will continuing to fight for the rights of the people of Western Province. Again, I stress clearly that our Government has no intention of taking over that particular fund for the people of Papua New Guinea.

Under the arrangement, this fund belongs to the people of Western Province. They must have their say, they must take ownership of that fund and managed it themselves. They must continue to do that and this is why we are in court in Singapore and I will allow the courts to make those decisions.

But so far Mr Speaker, we have won every argument that has been presented to the high Court of Singapore and we are confident that we will have the better outcome for the people of Western Province.

Mr Speaker, by making this decision as I said, we are giving well over close to K5 billion back to the people of Western Province. And this is a commendable decision that I think the Government has made for our people.

Mr Speaker, in terms of the LNG and oil producing provinces, they are now becoming an important part of our economy.

Mr Speaker, this Government is now trying to implement some of the decisions that the previous Government has taken including the distributions of the equity and the benefits that are due to the people of Hela, Southern highlands, Gulf, Central and Western Provinces.

Mr Speaker, as I said last week, since the production of oil in our country, our landowners and provinces have received close to K1 billion kina in benefits and other projects that the National Government has rolled out but when you look into these provinces there is really nothing to show for it.

Mr Speaker, we must have better management of this funds and we intend to work closely with the landowners in ensuring that the provincial government in every MOA that we have sign every IDG we have promised, every business development grant that we have promised and all the commitments under the LBSA and the UBSA, we intend to honour.

**22/06**

As I said, these commitments have been done by various governments since the oil production started in the early 1980s but we intend to honour every commitment that has been made.

Mr Speaker, since the sale of the gas we have now in funds close to K135 million parked in the trust account in the Central Bank in royalties, K130 million in development levies and K200 million in equities for these five provinces. They are placed in trust accounts in the Bank of Papua New Guinea.

Mr Speaker, to dispel false information that has been circulated by people with political agenda and their own interest is unbecoming. Yesterday, I directed our officials to travel up to our landowners and show them the bank statements showing the actual balances in the accounts so that there is no doubt whatsoever that their money is safe and in trust for their use.

The State has not mortgaged those funds. It is available waiting for the clan vetting exercise to progress. I have directed the Minister for Petroleum and Energy and his Department that within 30 days after this Parliament rises, they must complete the clan vetting exercise. After 30 days we will then start distributing out the funds that is rightfully due to the landowners, provincial governments and all the stakeholders that we have committed to.

The royalties and the equities themselves represent almost 2 per cent of the project which is free carry. Through the UBSA Agreement in Kokopo that was signed in 2009, the Government at that time decided we will give further 2.47 per cent in Kroton which is now Kumul Petroleum as an indirect equity in the PNG LNG Project.

Mr Speaker, under this Agreement, the landowners and Provincial Government will pay the State close to US\$1.1 billion for 4.27 per cent equity in Kroton.

Mr Speaker, to date, the Hela Provincial Government took charge of raising that funds, we are unable to conclude because the landowners continue to face challenges in arranging finance to fund the acquisition.

Mr Speaker, given the market conditions today where the oil prices collapsed from US\$110 per barrel to US\$27 per barrel, it is quite impossible for the landowners and provincial government to raise that money. That is why NEC has approved to extend the time which has expired on 30 June 2016 to 31 December 2016 so that they can have the opportunity to try and raise more funds over the next few months.

Mr Speaker, we also made in that decision to now renegotiate the pricing given that the price of oil has dropped so that it becomes affordable; they can be able to raise the money at a new discounted price. It is only fair that they are given the opportunity to raise money to pay the government for the shares that they are to receive.

Mr Speaker, our officials, the landowners and officials of the provincial government will work through it and in due course, I will inform Parliament as and when those agreements are implemented.

**23/06**

**Bougainville Copper Limited**

Mr Speaker, in terms of Bougainville Cooper Limited, there has been a great deal of discussion, some have been help, some spiteful in the sense claiming that the Government has taken over the Mine, but let me say this. After many months of discussion, the Rio Tinto company that owns Bougainville Copper close to 52 plus per cent has decided on its own accord that they will give theirs shares as a gift to the people of Bougainville and to the people of Papua New Guinea. That is the best outcome that we could gain and as a result of that, the shares were distributed by Rio Tinto.

Mr Speaker, this Government has shown greater commitment to Bougainville than any other government in the past.

*(Members applauding)*

**Mr PETER O'NEILL** – Mr Speaker, I want to tell our people in Bougainville that this position has not changed. The Government will continue to work with ABG, the people of Bougainville in achieving the best outcome for them including the continued rollout of services that are being delivered today.

We are restoring basic services, building more roads and infrastructure, we are working day and night with our friends in ABG to ensuring that we advance the peace process that was established many years ago.

Mr Speaker, the people of Bougainville have been through too much pain over the last past 30 years and they should not face further frustration, they must be no confusion because of politics.



Today, I wish to announce that the Government has made some decisions to put into rest many of the rumours and misleading information that has been going on this is a historical announcement that will affect every men, women and child on Bougainville.

Mr Speaker, Rio Tinto has transferred on their own accord 53.8 per cent of Bougainville or BCL to ABG and of course to the State. Rio Tinto has transferred 18.4 per cent to the National Government and the remaining 6.4 per cent was transferred to ABG without any cost. Mr Speaker, those that have been transferred to the National Government have been transferred to our National Trustee, which is the Kumul Mineral Holdings Limited.

Mr Speaker, this was aimed I think by Rio Tinto to try and give an equal share holding between the National Government and ABG. The National Government already have 19 per cent direct interest in Bougainville so, with the 17.4 per cent it was aimed at taking it up to 36.4 per cent and the transfer of 18.4 per cent direct to ABG was meant to balance the ownership of that mine so that we can continue to work together.

Mr Speaker, our National Government wants to ensure that we make the right decision for the people of Bougainville. We have of course formalised the transfer of the shares from Rio Tinto to the National Government and as I have said we are aware of the pain and the torment that the people of Bougainville have gone through. Land is very important to them that was the beginning of the conflicts on Bougainville and of course they felt very strongly that they were disempowered and lack of participation in the mine itself that led to the issues that we are facing today.

Mr Speaker, our Government is concerned about the health, well-being and prosperity of the people of Bougainville. Today, we are announcing to this House that the Government of Papua New Guinea will transfer the 17.4 per cent to the landowners and the people of Bougainville.

*(Members applauding)*

**Mr PETER O'NEILL** – With this transfer the people of Bougainville will directly or indirectly combine total shareholding of 53.8 per cent of BCL.

Mr Speaker, this Parliament knows that this is the right thing to do and it will ensure that for the first time in history of BCL, landowners will be given a direct say and participation in the operation of BCL Mine.

Of course, Mr Speaker, this will also help to alleviate some of the legacy issues of the past. The ownership of the mine and of course the ownership will give the landowners and our people direct control over some of the environmental issues of any future mine development that will take place on Bougainville. By transferring these shares, Mr Speaker, we are further strengthening the confidence of Bougainvilleans in the peace process that we are having today.

Mr Speaker, we are serious about empowering the communities on Bougainville so we will continue to discuss with them how they want to manage and transfer these shares that we are now transferring to them.

Mr Speaker, these funds must be utilised for the wishes of the people of Bougainville and the Bougainvillean communities for their benefit.

**24/06**

We are restoring that hope back to the landowners who have been disadvantaged for many years, Mr Speaker.

Our landowners will participate meaningfully and benefit meaningfully. They must have a say on how their land is developed and the activities that take place there.

Mr Speaker, finally, the issues that I have raised and announced today are not the end of the story. Before this Parliament concludes this government will bring additional policy and legislative changes in the minerals, oil and gas and other resource sectors before this Parliament.

As I have stated last week and this week, Mr Speaker, this changes will continue to empower our people enabling them to participate meaningfully in their resource development.

Mr Speaker, and this is the commitment that our government made in 2012 and we intend to fulfill them before we go to the polls next year.

**Sir JULIUS CHAN** (New Ireland) – I move –

That the Parliament take note of the Paper.

Mr Speaker, I want to complement the Prime Minister for this very revolutionary policy of identifying the ownership of land, and I want to say that, it has taken a long time.

This is because, as you know, Mr Speaker, there is a Bill before the Floor and I did not want to raise any point of order when there is already something before the Parliament. Nevertheless, this is a broader statement and I welcome it. I think that it is a very positive action although I don't know the total quantity of the government in relation to the ownership. The Bill that I introduced or gave notice to the Parliament is one that will totally revolutionise the mining operations in this country.

Mr Speaker, I want to take this opportunity to just outline briefly, so that the Prime and the Government can take into consideration in the total revolutionising of the mining, oil and gas law and the question of traditional ownership. And that was basically the Bill that I have had before the Parliament since 2014, and also, I went through all the parliamentary committees and other presentations at different forums, in which the vice-Minister for Mining was there in Kokopo.

The Bill that I was going to introduce will completely revolutionise the legal regime on the resource ownerships, especially, resource extraction, benefits and sharing arrangements in the mining industry. And I am confiding myself to mining because that is all I know because my province probably produced about 50 percent of the total gold of this country.

Mr Speaker, I think that I have raise this matter quite a number of times over the years and I have presented my views at different forums. The purpose of my Bill really was to give recognition back to the traditional ownership under the *Common Law* of Britain, and after 40 years with Papua New Guinea having great abundance of wealth, and we have been described as a mountain of gold floating on a sea of oil and gas.

Yet, Mr Speaker, we cannot say with confidence that such a wealth has significantly improved the lives of our people, and acted as a catalyst for the sustainable prosperity of our country.

**25/06**

That's why I welcome the statement by the Prime Minister. It is a big turn. Over all these years, I think we have squandered this wealth and we have condemned our people to poverty to being left behind while others prosper. The others who have prospered are the foreign companies and the national government and the people who actually own this and in the case of Bougainville, the Bougainville crises was simply the question of ownership of what is on top, below and in the sea.

For 40,000 years, this has been the traditional thinking of all Papua new Guineans particularly in Bougainville and those provinces with matrilineal heritage and society. Our people and our country now experience a situation that can be aptly coined as one of inaptitude, ignorance, robbery, deceit, hardship and inequality. I think by now, after 40 years, we have seen it.

I will be one of the first to admit that we including all former Prime Ministers and former Government submitted to the onslaught of the 'big boys' coming in and we had to concede because we had no investment to build this country and we had to make adjustments to the policy to enable their coming in. But now, it is a completely different story. We are now in a position, we don't have the money before, we now have the money, and that is why the Prime minister is able to do all these things that former Prime Ministers could not do, because we did not have the money to do it.

We must accept that much of our suffering prior to and after the Independence may be attributed to the lack of knowledge. The knowledge on how to structure our natural resource legal regime to ensure that our people and our country's interest is adequately catered for by empowering our people and our country to own and control the majority of the shares in the mining projects in accordance with the dictates of the national goals and directive principles of the *Constitution* That is why I welcome the grand statement from the Government by the Prime Minister today, on the question of distribution and sharing of the wealth.

My focus is based on sole ownership and traditional rights of what is above, below and in the sea and defining those rights on traditional ownership council, the provincial government and beyond the limits of the international waters as defined by the United Nations regulations and all of that belong to the State.

I hear that the Prime Minister put a lot of emphasis on the sharing of wealth. This is very crucial and the first thing I think we need is to recognise the traditional ownership of the land and from there emanate the kind of policy of what form of equity that our people are entitled to and then we start negotiating with the developer and the Government must continue to be the regulator of the whole regime.

What I want to really see is that what is on top, beneath, and in the sea must first be recognised as belonging to the people and from there, I hope the policies of the Government will emanate and develop on how we can share this My Bill that is before the Parliament has specifically defined the area of ownership of the traditional landowners, the local government, the provincial government and then the State.

**26/06**

And how we are going to divide that cake so that everybody will get something and those provinces that may not have any mining at all should not be disregarded?

I think that those that are fortunate to have mines and then we defined those provinces without a mine, may be up to K5 million income or below K5 million, all the provinces should pull together 20 percent of whatever income that they get from royalties, which should be increased.

First and foremost, our royalties is one of the lowest in the world. Papua New Guinea gets 2 per cent royalties, whereas in Australia and in America they get between 8 and 12 percent. In African countries they also get very high royalties. Norway on the other hand owns almost 60 percent of the total resource before they start talking with anybody.

Therefore, I think that we have got to increase royalties, we have got to increase the special support grant, we have got to increase the Tax Credit Scheme that is now very much in the hand of the National Planning Minister. And we have got to revise in such a way that the National Government and the Provincial Government take control of this Tax Credit Scheme. At the moment what is happening is, the operating giants dictates what kind of project they should do in a province.

Mr Speaker, I am put in a situation that I am elected by the people and yet, I have been toyed around by developers, these big boys, the third largest gold mine in the world in my province. And they are able to tell me that this is the project that should be funded under the Tax Credit Scheme or not. We must take control back from these developers.

So, I would like to see the benefit sharing, Mr Prime Minister to be increased. And then, those provinces that are mining provinces should set aside 20 percent each to be shared by non-mining provinces. This is because by de facto we are making all the rest of the country become mining provinces.

I suggest that, Prime Minister, that you might want to have a look at that and as you know, I have been very patient. I have been speaking with your officers for a long time to see how together we can come up with a kind of law that gives back control, firstly, to recognise Papua New Guinea, our traditional landowners own what is above, below and in the sea.

First and foremost, and then the question of sharing is to be regulated by the National Government. The landowners should get substantial free equity and I hear a lot of talks, Mr Speaker, that, if you give this money to the landowners they will abuse it.

My friend, if you take it to Waigani you'll lose it. So, the choice is very simple. Make our citizens rich and I think that the government should now adopt a new policy of transferring wealth from the State to the people. Based on the definition that I believe in; when the people are rich then the nation is rich, and not the other way around.

When the State is rich, as we are rich today our people are still very poor. I just want to give one example which was a very good statement that the Prime Minister gave today on the question of image building to attract foreign investors to come in, and Papua New Guinea now is somewhere close to the pinnacle of attraction for all investors. That is true but in the case for the South Pacific Games, Prime Minister, I just make this in passing. We have made in the Pacific the South Pacific Games so efficient and so costly that we may have scrunched our partners in the Pacific.

**27/06**

The Minister for Public Service may have different idea because he has the big Waigani here and that is alright for him. But our people benefited very little from the South Pacific Games and I am telling you that.

From what I hear is something that we should learn. All the other smaller Pacific Island nations now are saying Papua New Guinea only threw money to win the support and that is not what we want. You have embarrassed the smaller Pacific State and they will never be able to –

**Sir Puka Temu** – Point of Order! Good former Prime Minister of this nation. One of the founders of this nation and Governor of New Ireland Province. Mr Speaker, he should withdraw the statement “we threw money to attract” it is very embarrassing. A national leader cannot say this. So may I ask the honourable Member to withdraw it?

**Sir JULIUS CHAN** – You have over ruled the Minister, is that correct Mr Speaker? Because I did not make that statement. I said this is the rumour that is going around. I am saying this not to benefit myself. I am saying it for the interest of all of us here. I do not know why the Minister is trying to prevent me from saying it. So don't come in with former Prime Minister and good former Prime Minister – this is what Fiji is saying.

*(Members injecting)*

**Sir JULIUS CHAN** – Okay you know it and I am just sharing it so why are you worried.

This is a brilliant strategy. It is a forward looking policy and I hope you will incorporate what you have said you would. Incorporate some of the substance of the motions and bills that are before Parliament and let us make a resource industry comes under the real control of all the people of this country. Thank you.

**Mr WILLIAM POWI** (Southern Highlands) – I want to also contribute to the statement presented by the Prime Minister.

I thank God for today is the new beginning of a new generation who have been neglected of direct participation of resource development. Our landowners and provincial governments and the people of Papua New Guinea can now take ownership and build capacity to sustain our lives and design our destiny forward.

Today is a big day because we are taking ownership of what we own. I think that is the bottom line. This is the generation of Israel Moses led out of captivity. He did not take them to the promise land but Joshua's generation led the people in the mining, petroleum and resource sector to the promise land now.

Whether you believe it or not. We have locked ourselves in this so-called State equity. We are reimbursing what the government owes. The people of Papua New Guinea are now taking direct ownership in our resource development which we have now set the phase for our destiny.

Ok Tedi and Bougainville are now receiving. The people of Hela, Southern Highlands, Western, Gulf and Central will also receive direct participation in the equity. What do you qualify this?

**28/06**

I think we have gone away from rent collectors in our own land to participation, into joint ventures, and into ownership. This is a paradigm shift. This is the day for Papua New Guinea. Unless I have not understood this statement, this is the first time a government of Papua New Guinea has said that people will take ownership of resource development.

I commend the government of Papua New Guinea for this very important paradigm shift and we will now make this a policy which the government is going to take leadership in allocating within this three resource areas.

This is the beginning of Papua New Guinea which Sir J, the former Prime Minister has spoken on. This is the legacy from which they have locked us into a prison in our own resource filled land.

I thank God for the government and that's all I want to contribute for the people of Papua New Guinea and this Parliament.

**Mr KERENGA KUA** (Sinasin-Yonggamugl) – Thank you, Mr Speaker. This is the highest decision making institution in this country and so, Mr Speaker, we have a duty of care, a very, very serious duty of care. A duty of care that is directed, not to one province, not to provinces, or five provinces but to the entire 22 provinces that make up the entire Papua New Guinea.

So, whenever we make decisions we must always think about its impact on the entity of this country rather than on a few provinces that are part of this country. That is very important.

So, for me, I have always advocated, and this Parliament is aware that fair wealth distribution of this country, throughout the length and breadth of this country, is the glue that holds this country together. It's just like a mother who has many children sharing food in the house. They are all watching her serving the food on the plates. Some children get more food than the others, those that don't get equal share of the meal complain and create disharmony in the house for the mother and the father.

And the nation is watching as we are talking about the distribution of this windfall, not wealth that we have, by our own hands, created as individual citizens of this country, but which has been given to us by an act of God and has been there.

So, as we are talking about distribution, it concerns me that we are now embarking on what is now described to us as a revolutionary decision which of course, is the case. But it is revolutionary in a negative outcome. It is going to be revolutionary by bringing about disunity of this country. It is going to see the disintegration of this country as a united nation.

**Mr William Powi** – Point of Order! My point of order is that I want to humble our good learned leader, the Member for Sinasin-Yonggamugl that at one stage, you were the one who spoke and addressed the people of this country saying that we have been rent collectors, referring particularly on this statement that the government has now brought to the people of this country. You said that and now you are saying something else altogether.



You were the one who was giving us the legal advice as to how we need to free ourselves so we don't get ourselves caught up in this locked up legislation. This is what the Government has done. I think you should not mislead Parliament.

**Mr SPEAKER** – Thank you, go ahead with your debate.

**Mr KERENGA KUA** – Mr Speaker, as a result of what I said I did move legislation through the Floor of Parliament. We've amended the *Constitution* to give ownership of all our resources to the State so it is now law.

So, I have moved on from that point, we are no longer rent collectors, we own all the mineral, oil and gas resources in this country. The State owns it for the people.

Now when the State owns it for the people it is dangerous for us as leaders to try to draw up a distinction between the State and the people.

**29/06**

As soon as we come up with this artificial distinction, we begin to cast the State as some third party disinterested in the welfare and affairs of the people. The State is here for the people and they are one thing. When the State owns something, it is for the people because we always say here; this State, this Government is of the people, by the people and for the people. So everything is for the people. So when the State holds something as trustee, the beneficial owners are the people.

So, on that bases, we have said that whatever try to do, we try to share our limited financially resources equally throughout the country so that everybody has a fair go to progress their lives, develop their people and their parts of the country. So we move together rather than at different speeds; some moving forward more faster and more progressively than the others and dragging them behind because those people who are been dragged alone are the ones who will give us problems down the track.

So, it is our interest consistent with our duty of care to make sure that we do not indulge in a journey that will finally end up in causing problems down the tracks. Now I see this decision to vest ownership of 53 per cent of a mine and 52 per cents of another mine in the people of that province in which the operation is located. And I feel Mr Speaker that this is not good in the long term interest of the country because how does that serve as a precedence for the other mines that are going to be coming up the track, like how this

Parliament or Cabinet going to address the issue of the shareholding in upcoming Wafi Golfu Mine? How we going to deal with the Freda Copper Mine that is coming up. With sort of precedence there at the back saving as example as we try to negotiate a platform for the upcoming mines?

And that's for me is dangerous because already, it is now liquefying the glue that holds this nation together when you are concentrating wealth in one province. Now, it is not wrong to say that a province that host the project is entitled to something a bit more than everybody else and that's where the debate should be centred. But we should avoid making sure that the large chunks of the nation's wealth is vested within one province, two province or three province because you are going to create inequalities that you lead to civil disharmony down the track and that's very dangerous. From one hand you have two mines with 50 per cent or more of the interests being vested in hands of the local people or the province and on the other hand, you have the gas project; PNG LNG Project and the landowners there or the provinces that are impacted have some equity in there but it doesn't add up to 50 per cent. And then, you are trying to level the playing field and you are trying give them additional 4.2 per cent but unlike the mines, you do not want to sell it to them at market price. How does that compare? Both of them are resources; minerals and gas so how is it that on the one hand, people are being vested free interest by the State and on the other hand, which also affects the Governor for Southern Highlands, his being sold at market price a 4.2 per cent equity there and he doesn't see the difference. And even that sale has been procrastinated by the very same government that he supports for so long that they run out of time –

**Mr Tommy Tomscoll** – Point of Order! Mr Speaker thank you for the opportunity. The learned lawyer, take the case of Bougainville for instance -

**Mr KERENGA KUA** – Point of Order on that point of order! I'm not a Lawyer, I'm a Member of Parliament, just like he is.

**Mr Tommy Tomscoll** – In the case of Bougainville, the 17 per cent that is transferred is a gift. The State did not pay and the people of Bougainville did not pay. It was not sold and it would never be sold on a market price. The State had taken that leverage to facilitate that

transfer that it had obtained from the company and passed it to the people of Bougainville. That makes it different.

**30/06**

**Mr SPEAKER** – Honourable Minister, you are entering into a debate so I will let the Member finish his debate.

**Mr KERENGA KUA** – Mr Speaker, when a point really hits home you will hear painful interjections and he seems to be one of those so, please contain yourself Mr Minister.

What I was saying was that you have this scenario where in respect of three resource projects, two have now been substantially given away to the landowners and on the other hand, you have the PNG LNG project and you are treating them differently. And not only that, there has been so much procrastination on the part of the State that they have not been able to access that 4.27 per cent still on the table. The big difference is that it is going to be sold to them and I see no comparison between the two.

If we are to be a responsible Government and a responsible Parliament, we need to have a formula that runs consistently along the same track be it forestry resource, fisheries or whatever resources, one must have a common formula that you can be able to apply. On the question of equity, will the Government help the landowners or the impacted provinces procure on their behalf. I believe this is a matter of concern and if I was from one of those five impacted provinces in respect of the PNG LNG project, I would be really concerned that I am not being given the same treatment as those who host mineral projects. Then we talk about the issue of valuation.

We said we proposed to sell it at about K1.2 billion but we have to remember that when we bought the same equity which was about K1 billion or about 30 per cent of the money we borrowed to buy that 19 per cent equity in the first place. Therefore when you try to sell it at K1 billion back to the landowners for 4.27 per cent than there is no comparison.

We bought it much cheaper and in fact we are going to recover our purchase price for that equity that the State borrowed back from our own people. In the end, we are going to reap off our local people. If we are to take the same approach, I think there should be a better deal for the landowners not at valuation. It won't take them up to 50 per cent as is the case in the other two mines but it is going to be some increase on the equity.

Therefore why don't we do it at a lesser price and not even at valuation? Why don't you put in a 5 per cent or 6 percent mark-up and give it to them at the original purchase price? I think that would be fair to the five impacted provinces and will be consistent with what you are doing with the mines.

Mr Speaker, I personally feel that to give away that 50 per cent plus equity in these mines is a dangerous decision. And it is going to come back and haunt the Government down track when you are dealing with new projects. How are you going to deal with people who want 50 percent equity? When we come to those sorts of junctions and questions and issues, we must remember that the rest of Papua New Guinea has funded the costs of those projects in terms infrastructure development grants and business development grants. Papua New Guinea has been paying for all of it, even before the first revenue was generated by PNG LNG project, Papua New Guinea was already paying.

For example, those non impacted provinces had been co-sponsoring the development of those five impacted provinces. We have never had a moment to discuss on the Floor of Parliament how we are going to enable these non-impacted provinces which is about 17 in all to recover their lost opportunities from the gains once the first revenue started flowing. How are you going to allow those 17 provinces to flow back on all their lost opportunities and help them to gain some speed and catch up with these five lucky provinces. We haven't even discussed that yet.

**31/06**

So these 17 provinces have co-funded the progress of those five provinces and their lost opportunities are going to be lost and be forgotten.

Leading to the same outcome I am talking about this country and its provinces moving at different speeds, you have loved the pockets of this country not being able to progress at all so it comes back to our duty of care, Mr Speaker.

We must never hold up the State as being something different to the people. The State is the people and acts for the people and if we make our decisions properly whatever we hold in trust is for the people and we must ensure that everybody gets a fair share and equal opportunity to develop and progress themselves.

Therefore, in the long term, we will maintain and uphold the united Papua New Guinea, not a designated country where unity is not there and people feel like they are not from the

one country but they are from provinces, their loyalty is for their provinces not to the country. Already it is happening and that should be an issue of major concern to us.

Our primary concern here in this country is to uphold the unity that we enjoy which brings all these benefits. So these are problems that I see that are inherent when you make decisions that does not see to equal distribution of our wealth and resources in this country.

Thank you, Mr Speaker.

**Mr PHILIP UNDIALU** (Koroba-Lake Kopiago) – Thank you, Mr Speaker, let me also join my colleague Members of Parliament to commend this statement by the Prime Minister. I would like to thank the Prime Minister and the government for this decisive move to free up the equity for the three mentioned projects.

Firstly, the 33 per cent equity to Ok Tedi, the 17 per cent to the Bougainville mine and the 4.2 per cent to the PNG LNG Project. I believe that the government has similarly offered a 10 per cent to the Tolukuma Mine, few months back.

Let me emphasis on a few remarks in here that I would like to contribute as one of the host province of the PNG LNG Project.

Let me commend the former Attorney-General in respect to the pricing, I would like to ask the government that instead of us discharging the owners of the PNG LNG Project US\$1.4 billion which almost K3.5 billion, I think as the acting governor general for Hela Province I would appeal to the government to reconsider its position and give us at least free equity of 4.27 per cent to the landowners or if not a fair deal will be a welcomed decision from the landowners.

As, I speak today, there is a shut-down and threats imposed by the landowners in Hides in particular, some of these threats have been propagated by political interest. I can remember former Minister of Petroleum that my late Governor had cautioned you not to open the Pandora box but you decided to open it and as a result of that you see there is tension in Hides today.

**Mr Ben Micah** – Point of Order! The late Mr Anderson Agiru, in the meeting at Gateway where I had a consultation with the Governors of the impacted provinces did not cautioned me. He commended me for being brave enough and courageous to open this Pandora box of unresolved landowner issues so honourable Member please do not mislead the Parliament.

**Mr SPEAKER** – Honourable Member, please address the Chair.

**Mr PHILIP UNDIALU** – I am coming there, my comment is going forward from what we discussed at Airways, you have never consulted myself –

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**Mr SPEAKER** – Honourable leader, I must caution you to address the Chair, you should not be entering into direct debate with your counterpart.

**Mr PHILIP UNDIALU** – Mr Speaker, going from there I came to realise that you have established a list that the Southern Highland Provincial Government and I are not aware of. What is the nature of the list that has been circulating, prompting the landowners to shut down the LNG Project?

Let me caution the Members of Parliament here today that let us not play politics. I appreciate that there are issues at stake I appreciate that there are outstanding matters but for us to go through the back doors come up with a list.

Mr Ben Micah – Point of Order! My point of order is that, what list is he talking about? He should table that list so that we must know where that list emanated from because I am not aware of a list as Minister before and currently as former Minister or whoever was circulating. This is a serious allegation that the Member is making.

Mr Speaker, he should produce the list and he should prove where that list is from.

**Mr SPEAKER** – Honourable Members, I will not encourage honourable leaders to enter into debate amongst yourselves.

**Mr PHILIP UNDIALU** – I was in Hides last week Friday with State Ministers and was told bluntly by landowners. This is on record as photos were taken and published in the social media that there is a Minister's list with it accompanying NEC decision. This is the so-called Minister Micah's list.

**Mr Ben Micah** – So-called!

*(Laughter in the Chamber)*

**Mr PHILIP UNDIALU** – Now, let me caution Members not to play politics.

*(Members interjecting!)*

**Mr PHILIP UNDIALU** – Let me caution Members of Parliament not to play politics because 2017 is around the corner.

*(Members interjecting!)*

**Mr Ben Micah** – Let me caution you too.

**Mr SPEAKER** – I warn the Members to maintain respect for Parliament.

**Mr PHILIP UNDIALU** – Let me thank the Prime Minister Peter O’Neill for giving us a decisive decision to give back to the people of Papua New Guinea what belongs to them. If you were the Prime Minister at the time when the Bougainville War came about, I don’t think that the war would have eventuated.

**Mr Don Polye** – Point of Order! My point of order is that I am not going to go into any nitty gritty but to make that comments such as ‘when you were Prime Minister, Bougainville War wouldn’t have come about’, that is very speculative and I wouldn’t want to embarrass ourselves on the Floor. Let us confine ourselves to the issue.

**Mr SPEAKER** – I will not allow your point of order. It his part of his debate, allow him to finish.

**Mr Don Polye** – You must withdraw that statement.

*(Uproar in the Chamber)*

**Mr PHILIP UNDIALU** – Mr Prime Minister, when BHP Billiton polluted the Ok Tedi River and decided to pull out, if you were Sir Mekere Morauta at that time I believe we would have compensated our people fairly, squarely. And the 33 per cent given back to the people of Ok Tedi is a welcomed new and I wish you were the Prime Minister at that time.

I believe you have got to be the Prime Minister for many years to come so that you will also give to the Yanderra Mine, Waffi Gold Mine, Porgera Gold Mine, Ramu Nickel Mine and Freida Mine and all the other mines.

I believe that people of Papua New Guinea will appreciate and continue to change the regime on the ownership of our resources.

I think, going forward from here I would like to suggest that the National Government should be a regulator in the oil and gas industries. The ownership must go back to the people.

Let me commend the former Prime Minister and Governor of New Ireland that when the people are rich, the country or nation is rich and by giving back to the people.

So going forward, I think we need to change the resource ownership regime in Papua New Guinea in a more holistic approach where the ownership is given back to the people and the State as a regulator.

**33/06**

In this instance, we are all over the place, we are equity participants, we are tax collectors and everything you name it.

*(Members laughter)*

**Mr PHILIP UNDIALU** – Mr Speaker, furthermore, for the province, the Prime Minister has just come back, so let me reiterate my position.

On behalf of the five provincial Governments and the landowners say, the position that you have taken to give us a fair price on the 4.27 per cent is a welcomed decision but I would appeal if you can give us at least free. My friends on the other side can also support, where I am coming from.

Mr Speaker, when the acquisition process is complete, the five provincial governments would like to take the equity away from State control. We want to manage an independent trust, managed by reputable companies and we need support from both sides of the House to make sure that our equity or benefits are protected.

It is embarrassing to note that so far K1 billion has been committed to the resource areas but there is nothing to show for. Over the last 20 years or so, Southern Highlands and Hela has been producing so much and let us not make big news about the K1 billion commitment to the provinces that hosts the PNG LNG projects and the other resources areas.



We have so far contributed almost K20 billion to K30 billion and for the next 30 years about K30 billion to K40 billion will be contributed from this particular project.

Mr Speaker, to conclude, I would like to appeal to the people of Southern Highlands and the five provinces that the Government has listened to some of the issues that we have raised.

Let me also welcome the Government for sending out the technical team. As I speak, there are State officials comprising of Department of Petroleum, MRDC, NPCP, Finance and Treasury on the ground are trying to fast track the clan vetting process and so forth. Going forth from here, let us give back what belongs to the people.

So much commitments have been made, Prime Minister, you are aware that almost five projects were launched last year when you visited Hela. Let me appeal to the Prime Minister through the Chair, that all these commitments must be fulfilled. One other way we can compensate those outstanding commitments and the sacrifices the land owners have made so far, is by giving us the free equity, it will be a welcomed decision to compensate for all the outstanding matters that the landowners are facing today.

**Mr SPEAKER** – Just a word of caution, please do not digress from the statement, please debate on the statement.

**Mr BEN MICAH** (Kavieng) – Thank you, Mr Speaker, for giving me the opportunity to speak on the Prime Minister's statement.

Credit has to be given where it is due, it doesn't matter where we sit. It doesn't matter the circumstances. For instance, I have done a lot of work to help the Member for Koroba, but because I have now shifted to the Opposition, he said something different altogether and he even twisted the late Governor's statement. The late Governor never questioned me, the Prime Minister questioned me but the late Governor commended me, for taking the courageous move to open up the discussions on unresolved issues of landowners and I brought a submission to Cabinet, which has already been done and I don't want to go back to the past.

I must commend the Prime Minister, beginning on the Bougainville decision. The decision by the Prime Minister and the Government to give 17 per cent to land owners is one which the people of Bougainville are going to appreciate with tears.

**34/06**

These will be the same tears that were sheared as a result of this mine, bringing pain and suffering to them and also to the people of Papua New Guinea. It was something that started off as a blessing but became a curse and we all know about its history.

It wasn't that the government felt sorry for its people. You see, as a failure of the non-performance in extent of Ministers of Environment and their departments who did nothing to supervise the pollution of the Jaba River. The Mining Ministers who turned a blind eye to things that BCL was doing and harming the environment and harming the people.

Therefore, the people themselves made complaints and the government then sent the police and when that was not enough, the government then sent in the army. Then After 10 years we failed. We have in that island and as a result the mine was shutdown. These are the failures of all our Prime Ministers, Ministers and their departments which then led to the landowners themselves.

The people upon seeing destruction of their environment and seeing the unfairness of this mine taking place voiced their complaint, then protested and then it when on to bloodshed.

The issue that occurred up in Ok Tedi would not have occurred, Mr Speaker. This man by the name of Rex Doughie and the landowners took the matter of pollution of the Fly River and went to all the Courts and right up to the High Court of Australia, and they put BHP on notice.

Mr Speaker, it was not the Government of Papua New Guinea defending its people but it was the people themselves who raised their own funds and took this mighty giant BHP to the Australian Court. And because of independent environmental studies that exposed the massive pollution that was done to that river, BHP – you know, these people are smart. They have developed this technique of playing around with many countries for hundreds of years that we are just one of those statistics.

So, they decided to use our Parliament to exit Ok Tedi under some kind of arrangement where, Prime Minister, I would like to commend you when you came to into government and made the right move to retain this mine. This is so that, at least the mine's remaining 10 or 15 or 20 years of operation which we are not sure of, but we can try to get some rewards from the mine. This mine which has damaged an area located in an area of high rainfall with often occurring landslides and land slips making it very difficult to build a tailing dam. That is

why they polluted the river through the backdoor, through some legislations through this very Parliament, Mr Speaker, BHP escaped.

Therefore, we have to give credit where it is due. The people themselves raised these issues. It is the people themselves who have suffered and shed their blood. That is why Prime Minister, I think that whatever you have done today will not make up for the pollution of the rivers, will never recover the Fly River, will never bring back all the dead people who suffered on Bougainville, but you have at least wiped some of those tears.

I believe that the people of Panguna and the people of Bougainville are happy for your decision. And believe that the people of Fly River, especially the landowners are going to be happy for this decision that government has now made to at least go some way to recognise the rights of our people. Where many a time as a government and due to our own failures that cause our people to rise up and complain.

Nevertheless, we cannot blame each here in Parliament because the cause of these issues is ourselves due to our inaction, ignorance and holding discussions with private investors.

### **35/06**

Today in the forestry area, and Forestry Minister please take note, some of the most exploited abuse. These people are the landowners of the forestry areas.

Different kinds of techniques to suppress the rights of the landowners are taking place right now as we are debating. One positive thing we are doing in the mining areas is that landowners of the forestry areas are not recognised and supported by our government.

The timber companies are using our own police to go and abuse and harass our people when they are complaining about river pollution or logging in the areas that are closer to the sea.

The Department of Environment is not on the side of our people. We only react in a reactionary needs and way. As we talk about the issue of landowners, we are landowners of Papua New Guinea.

Mr Speaker, the strength of a chain lays in its weakest link. The strength of this country Mr Speaker, lays in its people. Look at Panguna in Bougainville, Ok Tedi and what is happening in the Hides. It is our people, not the government.

The Government only signs agreement and commit this country on contracts and agreements to foreign companies and foreigners but at the end of the day, when we do not

contain and control the frustrations of our people then we know that the strongest link to the chain is now weak.

This country is made up of 800 different languages Mr Speaker, and thousand tribes living in geographic locations as high up as Mt Williams, and to the islands of the Papuan coast and NGI, to the rivers of Sepik, Purari and Fly. We are not one people. We are only together as so-called Independent modern nation for 41 years.

The people who came and showed us how to read and gave us this bible. They gave us the Government system have only been here for 100 years. There were others who sailed past and named all our islands like the New Britain and Mt William. All these things were going to the Spice Islands in Indonesia 400 years ago.

Our country is now coming to a very serious test of the unity and cohesiveness of its people. Let us go to the ownership rights. I fully support my Governor because when he was Prime Minister we signed the Lihir Agreement in 1995. In our life time we have seen that the national government has failed the landowners of Lihir, people of New Ireland and now the company has taken out massive gold, big dividends and left a big hole. It has left a big hole on the island that the landowners will be looking at for the rest of their lives.

I really want to challenge the Prime Minister to go further. The only thing we are frighten about is to do good things for ourselves. We seem to be the leaders that want to please the Asians, Asians, Americans, France and Japanese but we do not want to please ourselves and our people.

If we can prove that we are really somebody of this land then let us support my Governor and give the rights of ownership of resources to our people. I challenge you Prime Minister to go further in the amendments that are coming.

Those people who went to America and killed the black people who are like us 400 years or 500 years ago, they came as pilgrims running away from prosecution.

**Mr SPEAKER** – It is unparliamentarily to point fingers at others.

*(Members interjecting)*

**36/06**

**Mr BEN MICAH** – Okay, I withdraw that.

Mr Speaker, they went, stayed there, grew wheat and became cowboys. One day somebody went and found oil in places like Texas and Arizona. They went and found gold in California. And when the government came to claim those resources they took up arms. I am just making the gesture of holding a gun but they were armed and told the government to come and get it.

Today, the country with the biggest economy, US\$14 trillion worth of economy is owned by the landowners. Whoever has title over the land owns the oil, the gas and the mine.

I want to talk about another people who were living in the desert, under the palm trees, sleeping under the moon, riding camels until the British and Americans went to the Arab countries and discovered oil and gas. And they said no, this is the Sultanate of this one and this is the Emirates of this one, the British and the Americans are not going to take any oil out of this country, it is mine. That is why the Arabs own all the businesses in Europe, that is why the Arabs own all the big businesses in America. Who are they? Landowners! In Arab they have a word for it but I will not say it, but in English it is called landowners.

Mr Speaker, listen to this, Prime Minister, I am challenging you. I know your heart is in the right place. I don't know if the heart of Sir Puka Temu is in the right place but I know you, Prime Minister and I know that your heart is in the right place. And I challenge you, Mr Prime Minister, my friend, that you go further and you support the Bill of my Governor and let us give this country back to ourselves because we are the landowners.

**Mr DON POLYE** (Kandep – Leader of the Opposition) – Thank you, Mr Speaker.

Mr Speaker, I do not want the points we make to be irrelevant. I just want to make three points in principle and then I will sit down.

Mr Speaker, I think the Parliament is of a very strong view in the support of the position the Government is taking. But, a little bit more to that, we should have ownership of our resources. That is very clear and I think that is a path that this Parliament should take.

Mr Speaker, if you can recall, in the early part of 2015, the Opposition launched our Opposition Policy and that is in the Hansard. If you look into that you will see that we really talked about ownership of resources, not just in the extractive industry but also in the other non-renewable sectors also. Landownership issues are there.

Mr Speaker, as I was saying, in other areas we agree to disagree but in areas of common interest where we see that we are on the same wavelength, we have to work

together. And this is an area that I don't see any contention or disagreement as such. It is an area that we can work delicately together through very constructive debates light this.

And I have on record launched the Opposition's policies then, it is in the Hansard, in the early part of 2015, and we are for this principle of giving the empowerment back to the landowners to not only own the resources, but to also be in line with the principles that the Leader of National Party, the honourable Member for Sinasina-Yonggamugl has raised. The issues that we raised and those raised by the honourable Governor of New Ireland seem to be the same issues and I think the government is also highlighting the same thing.

They are talking about inclusive growth or shared prosperity from all those proceeds that we get out of the extractive industry or other non-renewable resources. You can give the ownership or a big portion of the equity back to the landowners but then what happens to the rest of the country who do not own such resources? That's where your shared prosperity or inclusive growth strategy comes in.

If you have got this benefit sharing agreement in place, as a result of this empowerment the landowners owning in terms of equity then you have to look at the onus then comes to the State. How do you look at the issues that the honourable Member for Sinasina-Yonggamugl raised?

So it is really not differing as such, it is talking about ownership increasing the ownership participation by the people in terms of equity structure but then you also think of the rest of the nation, especially those who don't own such resources. How do you share those benefits? And that's where shared prosperity comes in. And that's the issue that the Leader of the National Party raised. So the issues that we are raising here are not very new.

### **37/06**

Now let me make one thing clear, I hear Sir Julius Chan's point and the PPP's point too. Then we say who did this and who did that? I think we are personalising the issue. But I want to say that all of us do make mistakes and we should learn from the past mistakes.

I believe very strongly that whatever mistakes others did in the past in this House is good enough for us to learn from. There are lessons that can be learnt from these mistakes and that is; past is gone, we have a future now in our hands today, and we can learn from these lessons.

One lesson that can be learnt also is that we are talking about equity. The equity sharing in Bougainville, Ok Tedi, LNG projects and other projects as well. But let's not

forget the other issues. If you look at the history of Bougainville, it was not an argument on equity sharing that led to the crisis. The people did not cry to have more equity. That was not the main fundamental issue. The issue was two folds.

If you look at the history, even before 1975, the people of Bougainville wanted to be independent. When Papua New Guinea broke away from Australia's colonization, the leaders of Bougainville said they wanted to be independent too.

So Papua New Guinea became Independent and Bougainville wanted to become independent too. That was the issue. Then it comes to a point where Mr John Momis was the Member of Parliament. He was looking after the Inter-Government Relations, the provincial affairs area. He was also thinking as to how he want to solve this problem. So he created the provincial government system so that in that way, it is almost like an independent that Bougainville can have its own provincial government so as the rest of Papua New Guinea.

So when we debated it, we said it was not properly researched. I think there is some truth in there too and we can learn from that. So the Bougainville problem was not really an issue of equity sharing. It was something fundamentally different.

Now, when the provincial government system came into being, we now have a provincial government in Bougainville. That is the first factor that broke them. The other thing that we must not lose focus is the environmental issue. Talk about Tabo River, well the people of Bougainville are clever and wise and we must learn from them because they never talk about money.

They did not ask for 20-50 per cent equity. They were taking about their environment. Their habitants and eco-system. They were talking about their livelihood and human development. So we must be very careful when we are talking to politicians. We must be effective and properly research the history, then guide the future.

I do not want to see this Parliament being misled on the Bougainville issue, the issue that led to crisis which is of completely different nature to the issues raised today.

The government has delivered a statement on the issues raised today because we have seen the outcomes. The Members from Autonomous Region has also raised some issues. He has been upset about some policy issues and statements made by the Prime Minister so the people are making their contributions through their Members.

That is why I am saying, the equities should come out from here. But the fundamental issues escalated to crisis in Bougainville which will continue to remain. So when we are

talking about Bougainville, it is not just giving them big equity. That does not solve the problem. We should be talking about their livelihood. Their economy and not just the mine.

We continue to think, that money is the issue so let us make it clear that it is not the money. Even if we empower them to be resource owners. Let us look at the other factors such as the integral human development, which should be effective in Ok Tedi and LNG projects while we address the Bougainville issue.

I really believe that if this Government continues to address the issues of development on Bougainville it must establish a very strong working relationship with Autonomous Region of Bougainville and the Members of Parliament who will give positive approach to even to the equity deliberated on the floor of Parliament.

I heard the Prime Minister say, they did put aside K5 million per year for five years to the provinces. We have put in our structure that I know about it.

**38/06**

But the question is have we been delivering there? Have we delivered to the People of Papua New Guinea? Have we delivered K1 million to the people of Bougainville? Let us not kid ourselves. The National Government in Waigani is not being prudent in anyway. Why should we say that the Autonomous Region of Bougainville is not managing well and we are the bosses so we can hold money back when we ourselves are not managing money too?

Mr Speaker, what should happen is that what was budgeted under the bill should be given to Autonomous Region Bougainville, President Momis and his Executive and the people to look after their own money then you can talk about the Bougainville mine. But if you don't do that then there will be a blockage. We can do all we want but the problem will still be there. Let's address the real issues first. Before we can talk about equity, let's talk about development and K100 million to the region and let them take charge and do it for themselves.

Mr Speaker, how would A to C ministers and members of Bougainville carry this money to their districts for development individually. I do not see a unified region and strong partnership and bondage build within the National Government and Autonomous Region of Bougainville. We should close our eyes and channel the money to them. We should strengthen the institutions there. We should use their *Constitution* to manage their money and that is the way to approach the Bougainville issue. Even if you can make them happy about



giving them a lot of equity that will not solve the problem. The issues are completely different and the approach that the Government must take is completely different.

Mr Speaker, the second issue is about Ok Tedi. Did they fight about equity and took up these court battles? No, they did not. They were talking about destruction to the Ok Tedi River. Money whether big or small has always been there. Money is not the issue, it is the environment that is the issue.

When the Prime Minister talks about the people being tied to the land, I agree and I support. We all agree on this matter but the real question is that are we encouraging the Department of Environment and Conservation to drive this agenda or not?

They should be the lead in this area. Let us see where the problems are and put the relevant people to solve those problems. Look at all the MOAs in the LNG project. You are dealing with very young people up there. They are also concerned about their environment and their livelihood. We need to look more closely at their customary relations and more into their traditions. There is a legend that ties the Hela people together and I know because I am a Hela man too. I am saying it not to blow my trumpet but because I know the story. That is what keeps the people together. By just giving them the 4.27 per cent equity is alright but there is something more to it than just money or equity.

Mr Speaker, in principle, I see what we are doing here to empower people by giving them ownership of the resources but that is not the only solution. There are other issues like the environment, customs and the traditions that we need to address collectively to arrive with a good result.

The Member for Koroba-Lake Kopiago raised some issues that talked about the MOAs, IDGs, UBBS and LBBSA which he is correct and spot on. He is not saying it from his point of view but this is what the Government did say under the UBBSA, LBBSA, IDG projects. There are all there and now we are accusing the leader of PPP saying that you were the one who raised those issues.

Mr Speaker, excuse me the issues are already there in the agreements. That is why the late Governor was happy when he said thank you for opening the Pandora's Box. That box contains the UBBSA, IDGs, MOAs and all these other things there.

**Mr Philip Undialu** – Point of Order! Thank you the Leader of the Opposition for debating and supporting but the reference I made to honourable Ben Micah's debate is outside of UBBSA and LBBSA and I am wondering what this is all about?

**Mr DON POLYE** – I think the leader of PPP himself did rebut that already that it can only be confined to NEC decision that I heard the leader of National Party did point to the Parliament. There is a NEC decision in place and it is a public knowledge and we know. That is the list so you can check that.

**39/06**

So, see what they are saying is that if we continue to think it is not there and we are frightened to come address that, we will never address it at all. If we are saying that we are doing the right thing than lets bite the bullet and address it.

And if you say it is worth K1 billion, you scared of K1 billion? That is theirs, you gave to them and if you don't manage it well and you gave it than it will confuse us the leaders, now. So the people how did not receive it have the right to argue for something that belongs to them.

If things are not straight than you can say that because we have already given K1 billion this way and we still have K600 million or K400 million remaining so will distribute to other areas. I think the trust has to take the lead and put some more control system in place to administer those funds accordingly to them, that is how we can do thing, Mr Speaker.

I would like to see a bit more collective approach rather than covering things up and we think that money will solve the problem, do not address on a multi-cultured way and then later we find the problems have not been solved and the future leader will say how is this so and we will have founded that we have not solved any problems but have created more problems for them.

So, Mr Speaker, we are for the empowerment for the people through resource ownership but we must also address the livelihood in the environment, in the culture and tradition way of life and as they do in the economic strength that we can build in them in the area as well, what the Governor for New Ireland and Member for Sinasina-Yonggamugl, have debated is the same issue on inclusive growth and how do we diversify the sharing from those resource owned provinces to other parts of the country but we would like to see our people own it, I think let's stay focus.

Thank you, Mr Speaker.

**Mr JOE LERA** (Bougainville) – Thank you, Mr Speaker, I stand to represent the three Bougainville MP's in the House and the 350 000 people of Bougainville for the Bougainville Peace Process that we are following.

I had a chance to speak earlier and I would like to accept and acknowledge all the debates that have been raised on the issue of sharing the wealth from the mining sector. Thank you, I think we all have learnt a lot.

Thirdly, I would like to thank the Prime Minister, the Cabinet and the Government for making this decision, I think that this decision truly describes the meaning of politics. The word politics was derived from Latin meaning people, it does not mean development. Because, the leader can bring development but if this development only benefits himself, it is not politics. Politics is not money and it is not wealth, all of these things become politics when we discuss it in relation to how it will benefit the people.

So, we can be happy because this Ninth Parliament, together with the Prime Minister, the Cabinet and the whole Government have met the meaning of politics.

We want to serve our people with the type of decisions like this one we are debating now and to serve people throughout centuries, it says that the leaders used two kinds of political processes. One process they call it, "Top-Down Process", where the leader himself becomes the government and the people he leaves them outside, he hangs them like flying fox and doesn't listen to them. The leader himself makes the decision when he receives the wealth he hides and shares it, even behind four walls and he shares it with his committee, they will grow fat and their people will be bonny, that is Top-Down Leader.

**40/06**

The second process that the leaders used was Bottom-Up Leadership process, where the leader and the people work together to make decision to serve their people properly.

I am truly happy that I am a Member of these Ninth Parliament where the Prime Minister, the Cabinet and all the Ministers and the whole House we are Bottom-Up Leaders, we are showing that we care for people and we are putting them before our personal interests.

And this decision about the shares of mining has met the meaning of politics and it is the outcome of the Bottom-Up Leadership process that we are doing in the country where consultation dialogue has become the basis of the decisions we are making.

So, I would like to thank the Prime Minister, the Cabinet, the Ministers and the whole Parliament on their decision to give 17 per cent of the National Governments component

back to the land owners and Bougainville, like the Mr Ben Micah said, that the giving back of the 17 per cent will wipe away the tears of crying, suffering and loss of something like 25 000 Bougainvilleans that died.

I think the giving back of the National Government shares of 17 per cent will really help to address these sufferings that they have gone through and furthermore the resource owners, if you go to Bougainville today, you will see that they are the poorest than us who are away from the mine.

Today you will see the Bougainvilleans from the other villages are driving in their good vehicles and they have good houses but the landowners have been really impacted are still suffering so I think that this money can empower them to improve their livelihood and I think that is what that matters, the livelihood of the little people. If you go and see them, they have not recovered yet, they are the most fragmented part of Bougainville where lot of groupings come up in search for answers and this now will be the uniting force that will help us to bring this peace agreement and it can successful and it will improve the relationship with the National Government and ABG.

So, thank you, Prime Minister, the Cabinet and Parliament for this decision and on behalf of my people I am very happy that this decision has been made and the benefits will come.

Than you, Mr Speaker.

**Mr JAMES MARAPE** (Tari-Pori – Minister for Finance) – Thank you, Mr Speaker, let me also join in to commend the Prime Minister for the very, as Sir Julius has put it revolutionary, and if I can put momentum statement and a policy shift by this government.

Mr Speaker, I make this statement especially as Member for one of the resource districts that is housing currently PDL in the current LNG Project.

Mr Speaker, this government and this policy statement emanates for the law and as the Member for Sinasina-Yonggamugl, has alluded to that the law that we passed in this term of Parliament entrenches resource ownership back to the State and he is correct in defining that the State is the people and for the people.

So, today's announcements by the Prime Minister is that our country continues to take the turn toward greater empowerment of our people and resources we own.

**41/06**

Mr Speaker, talk is just cheap, but talk matching with the actions that is necessary and needed is what we require in this country and I find it satisfying to spend time in this Government because this Government is walking the talk it speaks and it intends to honour.

Mr Speaker, when our friends from the Opposition talk about the various benefits, let me put it into context. The State has secured by existing legislations for instance in the taxation regimes we have, 50 per cent of money or oil and gas revenue comes to the State in terms of tax revenue. We take note of the current PNG LNG Project, there was a fiscal concession made. We now collect 30 per cent of tax made after profit and that is taking into consideration the 20 per cent discount given to ensure that we attract PNG Exxon Mobil and the partners to come and invest in PNG. So the State already collects from the taxation revenue and in the existing legislations that we have, the State also collects dividends from the equity as equity partners in the project. So when you see it in that context, the State and the people of Papua New Guinea have already collected from the tax as well as the equity. Landowner today, collect two per cent from royalty, two percent from equity, free carriage and five per cent in the mining projects and two per cent from the oil and gas projects.

I take note on points raised on the environmental issues and the legacy issues. This Government has inherited a lot of legacy issues and I am humbled by the fact that Sir Julius Chan acknowledges the fact that the time when they went into drafting these legislations that are operational today, maybe they were handicapped in some of the information we have today. But more so importantly, I would like to believe that at that time we were not yet an investment destination so the laws that were created at those times gives a huge concession to our investment partners to attract them into our country.

Today the time is right, most of us are educated, and learned, most of us have seen in the hindsight with respect what has transpired in the past and the circumstances that gave rise to Bougainville crisis, the environmental circumstances that gave rise to Rex Dagi and his team going down international arbitrations and courts and the circumstances that today gave rise to many of the social issues we have in our oil and gas landowning areas.

Mr Speaker, taking into consideration all these, in the hindsight, this Government has responsible as we are, without taking much from rest of PNG, we are securing those projects for PNG going into the future by making this empowerment decisions. The landowners, the provinces that host these projects are the security of these projects. For instance, I make one assertion here, when you talk about giving back 4.27 per cent of the croton equity that is only

25.75 per cent of the total what used to be croton which is today the National Kumul Petroleum Holdings interest. The 25 per cent of that is given back to the 66000 land owners and the five provincial governments. Where do you think the landowners will spend their money? Most of us in Hides spend our money in Jiwaka, Western Highlands, and Chimbu. In most instances we are not taking our money out of PNG. So it is a different argument from what the Honourable Kerenga Kua is saying.

**42/06**

Let me complement what he said. The idea behind his rationing is quite important that every part of this country must be held together by way of equitable benefit sharing. The announcement that the Prime Minister said today is all about equitable benefit sharing. What the State collects from the Waigani public account which then formulates every budget is then shared to the rest of PNG. But you will not have the benefit of this resource in the first instance if our project is not secured. And to secure this projects, we just empowering our landowners and provincial governments which is just meeting halfway of it. The extreme end of the proposition made by Sir Julius is 100 percent ownership.

Mr Speaker, I remember in the last term we were confronted with the Boka Kondra bills that talks about 100 percent empowerment to the landowners. That is the far extreme and we don't want to go down that path but we have to meet halfway where we secure the project whilst at the same time we make sure that the rest of the country has something that is beneficial.

For the rest of the country, where do you get your K10 million every year? You get it from your coffee plantations, your cocoa plantations, you get it from Lihir Gold Mine and I am here to fully appreciate the total benefits that emanates from that mine.

Mr Speaker, I wish when the honourable Ben Micah was in Government in period 1992 to 1997 he structured a better deal for Lihir so that we could all benefit from it today. We are unwinding legacy issues of past Governments who fail to fully deliver to this nation in as far as resources benefits are concerned. The honourable Peter O'Neill was not prime minister in 1998 or 1997 for that matter when the Bougainville Crises was at its peak. I wonder where politicians at this time were talking about giving greater equity to landowners at that time.

Mr Speaker, legacies of past Governments is something that we are trying to tidy today and giving back a little bit extra to them is something that is essential for us hold

together. This are very important people tacked away in far corners of this country. When you come to Hela in the Southern Highlands province there are no sealed roads as we speak. Thankfully this Government is making interventions in Southern Highlands, Western, Kokopau to Buin there is something happening. All I have to do is invoke the memory of my friend the honourable Ben Micah and he will tell you that there is something happening in Kokopau to Buin. That is because this Government is all about transferring benefits and sharing wealth back to people where it matters the most. The people who hold the so called the garden of PNG together so that the rest of us can collect the 75 percent.

Putting in context it is not really bad as some are putting out there. When you look at the tax, we collect from tax. When you look at equity in the instance of PNG LNG project. When the UBSA agreement was signed in Kokopo in 2009, the price of oil was sitting at US\$110 per barrel.

Mr Speaker, at that time the Member for Sinasina-Yonggomugl was the chairman of Kroton PNG and was giving very strong advice to the Government for my landowners and provincial governments to pay at US\$240 million per share but today the landowners would pay well over K3 billion to buy off this 4.27 percent equity in Kumul Petroleum Holdings. At current oil price and the Hela provincial government sponsored team has been on the market they cannot raise this money with the current oil prices.

Let me commend the Prime Minister for his wisdom and this policy has not just evolved overnight. In the last few years he was discussing towards making it happen and it has finally happened not only for the LNG but within the context of greater empowerment to our resource owners. This is the right step in the right direction. Sometimes down the line where free carry equity must be the way for our discussion as a country.

#### **43/06**

So we are turning towards that step eventually. But we cannot do it drastically and this Government is turning in the direct direction.

We commend the Prime Minister for showing leadership as far as empowering our people.

Talking about Ok Tedi, Mr Speaker, Rex Duggi held an agreement with BHP Billiton in 1996 after the higher court of Victoria allowed for the compromise agreement to be reached.

In 1996 we had Prime Ministers come and go. No one has made serious endeavour to address this issue. We had governments and ministers come and go.

So Mr Speaker, I would like to place on record, as an individual elected leader my commendation on the Prime Minister for taking the bull by the horn and turning the silt in as far as our public policies are concerned to greater empower Papua New Guinean. This must continue on Mr Speaker.

We must not hesitate to make such policy decisions because the wealth that we generate for our people is entrapped in our economy. It is kept in our country and shared right across our country.

So let us commend the Prime Minister for ensuring that important miles stone decisions are made for our country. We are looking forward to the journey in which eventually down the line our nation owns greater share as far as participation, equity and royalty are concerned. Thank you Mr Speaker.

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

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

## **ADJOURNMENT**

Motion (by **Mr Charles Abel**) agreed to –

That the Parliament do now adjourn.

The Parliament adjourned at 2.45 pm.