



PRIME MINISTER

Hon. James Marape Government

ONE YEAR IN OFFICE

TAKE BACK PNG!

“Making PNG the Richest Black Christian Nation where No Child is left Behind”

INTRODUCTION

The change of Government arose from a collective desire to “Take Back PNG” from the hands of people who practice greed, nepotism and cronyism, allowing for only a few individuals, companies, businesses and urban areas to gain at the expense of the vast majority of Papua New Guineans.

“Dreams are free; I have dreamt it. But work of reconstruction must start now. Papua New Guinea is blessed with abundant natural resources and it is possible we can get it done in 10 years. The manner of harvest of these natural resources under better term sheets will be my journey and story”, Hon. James Marape, MP, 8th Prime Minister of Papua New Guinea (June 19th 2019).

The underlying theme of the Marape-Steven Government is *“Make PNG the Richest Black Christian Nation where No Child is left Behind”*. The first 12 months focused on eight key areas to operationalise “Take Back PNG” in tandem with solving legacy problems and providing strong leadership on urgent and emerging issues.

THE EIGHT-POINT PLAN

In February 1973, Michael Somare, the then Chief Minister, announced the ambitious Eight-Point Plan that sought to: increase Papua New Guineans controlling a better portion of the economy, equalisation and equal distribution of economic benefits, services, and participation by our people, emphasise agricultural developments, grow village trading and internal trade, emphasise small scale artisan services and business activities, build a more self-reliant economy less dependent upon imported goods and services, increase capacity of Government to raise local revenue, equal and more women participation in economic and social activity, and Government control of investment in the economy to achieve desired development.

These pillar pronouncements resonate and are amplified in the Marape Manifesto.

The Marape Manifesto is simply “Making PNG the Richest Black Christian Nation where No Child is Left Behind”. The Manifesto unilaterally outlines that Papua New Guineans must become equal participants in their natural resource harvesting, engage in SME opportunities, enjoy quality education and health system, and protect the growth of economy in a safer environment. It is all tailored for PNG to be economically independent and not wholly dependent.

The Manifesto emphasises on citizens to be healthy, have Christian principles and ethics, and respect for rule of law.

The PNG Vision 2050 also sought to deliver consistent and purposeful gains for ordinary Papua New Guineans based on the Independence aspirations. It emphasised the importance of global trade and anticipated new global disease patterns in its deliberations.

“One Year in Office” outlines the Marape-Steven Government’s major achievements under the two pronged approach: Economic Sector and Social Sector achievements.

POLICY BASED PROGRAMMES AND ACHIEVEMENTS—ECONOMIC AND SOCIAL SECTORS

The Marape-Steven Government, after taking office, instituted the following policy-based programs that form the core of the 2020 Budget. They are being operationalised by the public service, State-owned enterprises, provinces, districts, and private and civil sector:

BUDGET

1. 2019 Supplementary Budget
2. 2020 National Budget (Economic Stimulus Package)

ECONOMIC SECTOR

3. Agriculture and MSME Policy
4. Connect PNG
5. Special Economic Zones (SEZ)

6. SOEs reforms
7. Amendments to Taxation and Investment Promotion Authority
8. Public sector restructure
9. Resource and resource laws
10. Roads & Bridges

SOCIAL, LAW AND ORDER SECTOR (SLOS)

11. Higher Education Loan Program (HELP)
12. Health
13. Internal security
14. Law and justice
15. Bougainville

The Government delivered these programs through a two-pronged sectoral approach, namely Economic Sector headed jointly by Prime Minister Marape and Treasurer Ian Ling-Stuckey, and Social Law and Order Sector (SLOS) headed by Deputy Prime Minister Davies Steven.

In tracking implementation, we are pleased to provide the following progress report under the following categories:

BUDGET

Fiscal policy, when timed well in an appropriate policy mix with monetary policy, will deliver the best growth results both at macro- and micro-economic levels. Using good budgeting approach, the Marape-Steven Government lifted the GDP growth rate from a recession minus 0.8 per cent in 2018 to 5 per cent in 2019. The focus is also on non-resource growth rates which are endorsed by the International Monetary Fund (IMF), which will deliver domestic growth from 2.9 per cent in 2020 to 4.6 per cent by 2024. We have also ensured that the share of the National Budget going to capital/development budget increased from K4715 million in 2019 to K6281 million in 2020. This major structural change in the Budget will continue.

1. 2019 SUPPLEMENTARY BUDGET

The first significant Policy Document the Marape-Steven Government procured was the 2019 Supplementary Budget. The Government delivered 95 per cent of the 2019 Budget after revising the Mid-Year Economic and Fiscal Outlook (MYEFO), and despite the onslaught of recession in 2019. We undertook due diligence on the 2019 Budget and established the platform for the Supplementary Budget and revealed a budget blow out of K 2.263 billion. This represented K987 million in revenue shortfall and K1.275 billion in over expenditure. We then retired the O’Neill-Abel Government liabilities and commitments that were simply left unsettled and left in the cupboards of over 500 Government agencies including courts. Some of these include:

- outstanding workers’ pay rise of K 122 million;

- outstanding public servant retirement of K 860 million;
- outstanding service provider costs of K 600 million;
- outstanding office rentals of K 400 million; and
- outstanding Works’ contracts of K 300 million.

We have now established an arrears team to fully establish outstanding bills and to better profile sovereign debt with a view to establishing savings and refinancing options capitalising on concessions on debt repayments, and concessional loans and grants on offer by credible lenders.

2. 2020 NATIONAL BUDGET

As part of the 2020 Budget, a five-year fiscal consolidation strategy was developed that aims to bring debt-to-GDP ratio to below 40 per cent after breaches in the 2019 Budget above the 35 per cent limit. This was due to an expensive sovereign bond borrowing from Credit Suisse in 2018, which was not used to retire debt and arrears. We had to amend the Fiscal Responsibility Act to accommodate this major breach.

We delivered the 2020 Budget, which was before COVID-19, and based on concessional loan borrowings and along policy-based reform matrix monitored by both the IMF and Asian Development Bank (ADB) to achieve the right results from recurrent and capital expenditures. We also delivered a COVID-19 Stimulus Package of K5.7 billion focused on supporting the private sector and rural economic livelihoods. Because of the positive rating from global benchmark markers of good governance, local institutions oversubscribed the Bank of PNG-issued COVID Bond, an initial amount of K1.8 billion of K2.5 billion.

2.1. MANAGING COVID-19 WITHIN BUDGET CONSTRAINTS

COVID-19 shook the world and presented our Government with a major Budget shock, but we took proactive steps to prevent its spread, resulting in PNG hitherto having recorded zero deaths and with only eight cases compared to over 350,000 deaths globally. We shut down our international borders and closed domestic flights. We tested over 4000 cases and procured Personal Protection Equipment (PPE) and testing kits with the support of our international friends.

Within the constraints of the 2020 Budget, we introduced a carefully-targeted COVID-19 Economic Stimulus Package of K5.7 billion of which K600 million constituted:

- K50 million for price support programme for cocoa, copra and coffee;
- K113 million for district and provincial agriculture development and food security support programme; and
- K41.5 million for subsidising costs of business operations (freight and logistics) in the hope of protecting jobs for Papua New Guineans in MSME businesses losses and boosting economic activities.

ECONOMIC SECTOR

The economic sector has sought in the first 12 months to repair the Budget process, drive agriculture growth, generate job creation, provide a bedrock for MSMEs to grow, drive reforms in State-owned enterprises to increase contribution to GDP growth and private sector expansion, and grow exports.

The Marape-Steven Government is refocusing economic priorities to jobs for our people, not just a resource focus. The focus is on inclusive jobs for growth, moving to honest budgeting, moving to investment and away from the operating budget (public service salaries and goods and services), moving to good and cheap international financing, and balancing out urban biased development of the past.

3. AGRICULTURE AND MSME POLICY

Supporting micro small and medium enterprises (MSMEs) is at the core of our Take Back PNG strategy. Budget allocation of K200 million was made out to the Department of Commerce and Industry in 2020. To date, we have successfully negotiated lower loan repayment rates from our commercial banks:

- 5 per cent for 15 years at Bank South Pacific;
- 4 per cent for 25 years at National Development Bank; and
- 4 per cent for 20 years at Kina Bank.

In supporting this Government’s flagship programme in agriculture, we have also progressed the following actions:

- Revamped Kumul Agriculture Ltd as a SOE through State Equity Funding in partnership with National Agriculture Research Institute (NARI) to bolster Agricultural Investments.

“... Papua New Guinea is blessed with abundant natural resources and its POSSIBLE we can get it done in 10 years...” - PM Marape

ECONOMIC & SOCIAL DEVELOPMENT



- Approved K340 million European Union (EU) grant to support smallholder farmers in East and West Sepik to produce vanilla, coffee, palm oil, livestock, cocoa, spice and strengthen rural entrepreneurship.
- Freight subsidies for locally-produced food crops to be transported to high-demand markets in PNG has been earmarked K41.5 million. Initial funding support started with K3 million funding to Bismarck Shipping for local food crops from the Highlands to be transported without cost to farmers from Lae to Port Moresby. It is restricted to local MSMEs only.
- Setup of SME Advisory Technical Team. The SME team has developed a holistic all-inclusive conceptual framework targeting 500,000 SMEs, 50 per cent of citizens to some form of business, own 70 per cent of formal SME sector and create two million jobs by 2030.
- Parliament passed an Economic Zone Bill in December 2019 to achieve broad economic development and cater for MSMEs. Linkages for MSMEs to Special Economic Zone (SEZ) projects have started, involving MSME partnerships, joint ventures and co-ventures. The SME team has assisted landowners set up ILGs and investor JV arrangements to allow for more landowner participation as stipulated in the Oil and Gas Act and National Content Plan.

5. SPECIAL ECONOMIC ZONES (SEZ)

To crystallise the economic benefits of Connect PNG, we moved quickly for the first time in the country to establish the Special Economic Zones Authority (SEZ) Act 2019 that will provide locational benefits and synergies to both local and off-shoring companies involved in manufacturing and services industries to produce competitive products and services for export. An initial funding of K16 million was provided. We have earmarked potential SEZ locations throughout the country.

Kumul Consolidated Holdings (KCH), through its General Business Trust (GBT), has been tasked with supporting SEZs in locations that are proximate to major ports.

6. STATE OWNED ENTERPRISES (SOE) REFORM

We commenced reforming our State-owned enterprises to deliver on their commercial imperatives as well as support the service-delivery objectives of Government around water, sewerage, electricity, telecommunication, ports, large-scale agriculture investment, and infrastructure. We directed for reforms through NEC Decision 129/2019 with timely turnaround strategies to be supported by ADB as well as well as KCH Board finding commercial solutions to improve balance sheet management. Whilst Covid-19 has affected the balance sheet of most SOEs, we remain focused on:

- SOE Reform to reduce the cost of doing business in PNG (i.e. reliable power, cheap data) in line with Marape-Steven Governments "Growing and Diversifying the Economy" policy focus;
- Establishment of a pipeline of projects identified and solicited by the Marape-Steven Government that align to the "Connect PNG Policy" including economic corridors and Special Economic Zones;
- Commenced the review of large-scale capital projects to ensure appropriate process was followed in their implementation and business case forecast is in line with Marape-Steven Government stance on getting "Value for Money"; and
- Transparent skills and merit-based appointment of new SOE Managing-Directors.

Reforms have accrued key benefits at the SOE level, including:

- National Development Bank (NDB) restructure and transition into a full commercial bank status by fourth quarter of 2020. NDB will be the fifth commercial bank in PNG that will be owned by the people of this country. It will specialise in concessional development funding in agriculture, tourism and fisheries.
- Merger and restructure of the two water utilities (Eda Ranu and Water PNG) under one management and one board will also see the transformation of the two entities to lift the game with the creation of four regional business centres in Port Moresby (Southern), Lae (Northern), Goroka (Highlands) and Kokopo (NGI). These arrangements will make technical and business support accessible to our 110 District Development Authorities and 20 Provincial Governments including the Autonomous Region of Bougainville.

- Telikom and BMobile lowered Internet rates in 2019 for more cheaper calls and more data rates.
- WaSH and Commercialisation of Water and Sewerage: The Marape/Steven Government realises the fact that we have made no progress since 2015 on the Millennium Development Goals (MDGs) due to: "There is no single method or tool to solve Water and Sanitation Issues in Rural PNG." For these reasons, every water district and sewerage operation around the country requires greater participation of local landowners, LLGs, DDAs, Provincial Governments and the National Government in all facets of operations.
- Eda Ranu (NCD Water and Sewerage Ltd) will be the first to go under the new structure of benefit-sharing and ownership of water and sewerage infrastructure and operational activities. State will own 60 per cent, Koiari landowners will own 20 per cent, and 10 per cent each will go to National Capital District and Central Provincial Governments. These will be by way of transfer of free shares from the National Government.
- Government has saved K475 million over 36 months and additional K12.5 million per annum with the cancellation of ill-conceived investment into Bunu Low-level Water Treatment Plant for the cost of K475 million.

7. INTERNAL REVENUE AND TAX LAW AMENDMENTS

- We have commenced amendments to our tax laws and regulations to reduce the tax burden on local MSMEs and promote business opportunities, and at the same time minimise competition with foreigners who tend to gain advantageous incentives over local companies to the benefit of their non-resident shareholders.
- In this regard, the Income Tax Act 1959 was amended during the 2020 National Budget paper presentation in favour of small businesses. The new Income Tax for Small Business (2020 Budget) (Amendment) was passed in November 2019, giving effect to small businesses to pay less annual tax of K400 for annual turnover of K50, 000 or less, and for more than K50, 000 annual turnovers, a tax of 2 per cent quarterly would apply. The threshold for annual turnover is just being increased to K50, 000. In comparison with normal company profit tax of 30-40 per cent, or 10 per cent GST for every sale of an item, this is really promoting local MSME businesses and thus complements our slogan of "Taking Back PNG". This alone was a major oversight by former regimes.

8. PUBLIC SECTOR RESTRUCTURE

As part of the policy-based reform to cut current expenditure, we moved to reorganise the Office of the Prime Minister and NEC to consolidate functions through Secretary PM and NEC, Secretary Personnel Management and Secretary Attorney-General in order to coordinate whole-of-Government policy-making processes, State negotiations, Budget tracking and performance management, thereby creating a flatter structure for the bureaucracy in recognition of the high level skills set of portfolio ministers to guide their respective ministries (NEC Decision No.44/20).

To optimise on public sector efficiencies and productivity, the Parliamentary Committee on Public Sector Reforms and Public Service Delivery chaired by Governor Garry Juffa was tasked to recommend to Parliament a "fit for purpose" public sector structure with re-engineered business processes drawing from the lessons of front line essential service providers during COVID-19 around public service proper, statutory authorities, state enterprises, and municipal authorities such as provincial health, district, city and market authorities. Lessons from both Australia and New Zealand would be instructive as well given their mature bureaucracies.

Overall ministerial performances are now tracked through Prime Minister's Circular No. 15/2019, where Ministers are required to provide regular updates on how they and their respective agencies are achieving set targets. Ministers are expected to work in collaboration with their respective clusters for cohesion in policy and budget allocation drawing at best from shared services.

9. RESOURCE LAW REFORMS

TAKE BACK PNG in principle is all about getting the best deals on negotiated term sheets for our people in the resource sector. The Marape-Steven Government initiated the Resource Laws



PM Marape visiting the Mushroom factory during his visit to Eastern Highlands Province



PM Marape meets with IRC Commissioner General, Sam Koim (2nd from right) and the staff during his visit this year

Amendments so by 2025, PNG would enjoy a sound Resource Law Enactment that is on foot now.

OIL AND GAS

- The Government will replace the licensed-based legal regime (Oil and Gas Act 1998 and the Mining Act 1992) with a production-sharing regime to come into effect by 2025. Cabinet to receive amended legislation later this year.
- In accordance with the announcement, the Government is drafting an Organic Law which will anchor the production-sharing model constitutionally so that no future Government can change it at the whim and behest of stakeholders in the industry.
- For equitable sharing of benefits, the Government resurrected the National Gas Corporation (NGC) to become the entity to participate in the downstream processing sector, taking charge of Domestic Market Obligations (DMO).
- Government has restored the lawful commercial business of the NGC for the benefit of every Papua New Guinean in their gas resources through their respective provincial governments.

MINING

- By reviewing resource laws, Government has provided a solution to constant borrowing to fund our share of the equity in mining and oil and gas projects so that no problems of the UBS loan type ever arise again.
- A new Mining Bill based on production-sharing is undergoing editorial and proof-reading stages, and soon it will be submitted to Cabinet for approval and presentation in Parliament for debate and passage.
- The production-sharing models will bring an

end to the current unfair licensing system where the State, the owner of the minerals and oil and gas, is being made to pay for it with borrowed money, and continue to pay for the operational costs of the mining or oil and gas companies in proportion to the percentage of equity the State having been acquired until the end of the project life.

- Consistent with its policy, the State has already agreed to sign up the Wafi-Gold Mine under the current mining legislation. Whilst this may amount to giving away our minerals freely without bringing it under the production-sharing arrangement, the Government understands that the Special Mining Lease was already granted and progress had been made, so it has to respect its own laws and follow with it. This is different from Porgera, where SML had expired after 30 years of mining to the benefit of overseas shareholders and the detriment to the environment.

FORESTRY

- The Government has placed a ban on round log exports, honoring a key target of PNG Vision 2050 earmarked for 2020.
- The Forestry Act 1991 is being reviewed to allow log processing onshore with majority landowner ownership and State export marketing agency operationalisation.

Each Provincial Government is a shareholder in the NGC. Not only for the oil and gas producing provinces, but all provincial governments throughout the country, will become beneficiaries of gas resource development projects and related businesses in the downstream sector.

The law to enable every Provincial Government to benefit from our gas resource development projects is provided for in the Oil and Gas Act 1998. However, successive Governments, beginning with the PNG LNG Project, have failed

SOCIAL, LAW & ORDER SECTOR (SLOS)

to allow NGC to perform its legitimate role. Instead, new shelf companies not even provided for and envisioned in the Oil and Gas Act could carry the State's equity in the PNG LNG Project, thereby sidelining NGC that promises to benefit everyone in the country.

10. INFRASTRUCTURE-CONNECT PNG AND ROADS

This Government is serious about connecting PNG through an extensive infrastructure network, under Connect PNG Programme. Connect PNG is critical to developing PNG as a whole in order to address supply chain issues, break down the tyranny of distance, improve access to services and markets, encourage geographical clustering, deepen financial markets and therefore grow the economy, achieve long standing social development outcomes and address increasing global health pandemics.

Connect PNG Programme is set to initially run for the next five years with an initial allocation of K200 million. First to launch is the Finschaffen Highway with K260 million.

The 20-year National Road Network Strategy 2018 - 2037 to improve PNG's roads is part of Connect PNG and is set to begin in 2020. The strategy aims to address both maintenance of existing roads and building new connections and captured in Connect PNG.

Phase 1 (2018-2022) will be focused on the 2309 km of core national roads, with K4.49 billion allocated. We want to boost those key economic roads to ensure they are accessible and able to support improvement of business in the country

Phase Two (2023-2027) will focus on the 2,502 km of priority national roads; K4.81 billion will be allocated. Phase Three (2028-2037) will be directed at 4,639 km of non-priority national roads. It is expected that K11.82 billion will be expended.

The national road network is to be built around five economic corridors:

- Momase spanning West Sepik, East Sepik, Madang and Morobe.
- Highlands corridor including Eastern Highlands, Chimbu, Jiwaka, Western Highlands and Enga.
- Petroleum Resource Area-Southern Region (PRASR) corridor, which covers the provinces of Hela, Southern Highlands, Gulf, Central, Northern and Milne Bay.
- Islands Region which includes the provinces of East New Britain, West New Britain, New Ireland, Bougainville and Manus Island.
- Border which spans West Sepik and Western provinces.

Total expenditure in 2020 is expected to be K1.837 billion, of which 89 per cent will go to roads and 11 per cent will go to bridges. Expenditure in 2021 is expected to be K2.165 billion.

The main focus of PNG's road building programme over the next five years includes rebuilding the 800km Highlands Highway, upgrading Lae and Port Moresby roads, upgrading and sealing 2500km of PNG's national highways, and building 1400km of new "Missing Links" roads to connect five key road corridors.

Missing Links roads that will impact the nation are: Lae-Finschaffen, Gembogl-Bundi, Baiyer-Madang, Bogia-Angoram-Wewak, Gumine-Karamui-Wabo, Samberingi-Kikori, Abau-Alotau, Ok Tedi-Telefomin, Bulolo-Aseki-Menyamya-Gulf, and all Island ring roads.

SOCIAL, LAW & ORDER SECTOR (SLOS)

The Social, Law and Order Sector took responsibility for implementing several key programmes in the first 12 months of the Marape-Steven Government. These included:

- Development of the SLOS Strategic Framework 2019-2022 with the support of the SLOS Ministerial Committee;
- Establishment of Post-COVID Advisory Team to advise Government on major social and development issues;
- Forging multilateral and bilateral negotiations on development and national interests;
- Introduction of Independent Commission against Corruption (ICAC) Bill to Parliament through First Reading;
- Passage of the Whistleblowers Act 2020;
- Higher Education Loan Program (HELP); and
- Office of the Solicitor-General cleared 463

files with 25 files successfully defended saving the State K2 billion.

11. LOWER EDUCATION SYSTEM AND HIGHER EDUCATION LOAN PROGRAM (HELP)

LOWER EDUCATION

The Marape-Steven Government abolished the infamous Tuition Fee Free (TFF) Policy and introduced code-sharing responsibilities by subsidising 63.6 per cent of school fees with focus on quality education and investing in free higher education.

Parents, districts and provincial governments meet 33.4 per cent school fee component. The Marape Administration is convinced that education is a powerful tool that will transform and sustain our prosperity and that quality education is to be provided to all students irrespective of background.

Every student ought to receive quality education under a quality standard-based curriculum through a 1-6-6 school structure supported by both State and parents. This explains our stand for an education system that is underpinned by a shared responsibility charter between parents, State and community.

We have introduced a sustainable and responsible policy under the Government Tuition Fee Subsidy (GTFS) replacing the former TFF through the NEC Decision 178/2019 Special Meeting. The total budget allocation of the GTFS for 2020 is K486,351,600. To date, the Department of Education has received and remitted K50-million to schools last month. A further K20-million has been received and will be remitted to schools soon.

HIGHER EDUCATION

On higher education, we recognise that of the annual 30,000 Grade 12 school leavers, TESAS is only able to support a third while leaving almost three quarters of students at a young and productive age to fend for themselves in society. To address this major imbalance, we moved quickly to establish HELP to support those who are, although GPA-qualified, cannot afford to pay their tuition fees. This has been one of the greatest initiatives ever to shape the future of PNG. An educated population is essential to a nation's prosperity.

On May 15, 2020, Department of Higher Education Research Science and Technology (DHERST) officially launched the HELP programme as per NEC Decision 179/2020. A key policy achievement just under one year in office. At a glance:

- To qualify and participate in the HELP programme, students enrolled in a university, college or DHERST-recognised Higher Education Institution (HEI) must consult with their school administration to receive their credentials. HELP extends further beyond undergraduate qualifications and accommodates post-graduate studies, including Masters and PhD programs.
- Upon successful completion, the participant will begin the loan repayment into the Endowment Fund for the duration of his or her employment with no interest.
- Additional pre-requisites include connectivity to MSME business activities by parents. Parents are expected to toil their land and seas. Districts in the country have been advised to become hubs for seedling distributions and buying depots for any produce by the parents.
- HELP is a catalyst to shaping the future and addressing the current poverty brackets rated by so-called "international institutions".
- For the academic year of 2020, the fund is available for 30, 000 students enrolled nationwide. The Government has released K38 million to the DHERST for HELP Program.

CORONA VIRUS (COVID-19) PANDEMIC INTERVENTIONS

As responsible Government, we took the smartest and proactive steps to guard our citizens' safety when World Health Organisation (WHO) declared COVID-19 a Global Pandemic on March 14, 2020.

Based on the advice from WHO through Health Department, the National Security Council, through the National Security Advisory Body and recommendations to NEC, the Marape/Steven Government took the following necessary steps:

- 14-day initial Lock Down
- Recalled Parliament to declare a two-month State-of-Emergency on March 24, 2020, to arrest the spread of the coronavirus in our communities;
- Police Commissioner assumed the role of State-of-Emergency Controller at the established National Operation Centre at Morauta Haus. The Joint Task Force Committee was established to coordinate the SOE;
- Closed all entry ports and delegated strict protocols on designated ports;
- Zoned the country to narrow prevalence and case detection;
- International and bilateral Friends including Australia made greater contributions to help combat the pandemic;
- PNG's eight tested positive have recovered. One was flown out of country and contact tracing was done to ensure there was no community transmission. No cases have yet been established;
- Deployment of health workers and security personnel to protect our borders with Indonesia;
- Schools resumed after a month and other services are resuming as directed by the National Emergency Orders issued by Controller;
- Strict protocols are now in place to allow for international travel;
- PPEs have arrived from China including Gene Xpert machines and COVID-19 designed air conditioning machine from Australia and US; and
- State-of-Emergency ends on June 2, 2020. Parliament will reconvene to determine the "new normal" or living with COVID-19 protocols and other announcements.

AUTONOMOUS REGION OF BOUGAINVILLE



Marape/Steven Government honored the Bougainville Peace Agreement and allowed the people of Bougainville to vote for the Referendum, which was successfully held under the supervision of the Bougainville Referendum Commission in 2019. Most importantly, peace is maintained in Bougainville.

On March 12, 2020, Prime Minister Marape and President Hon. Dr. Chief John Momis jointly chaired the Joint Supervisory Body Meeting (JSB) in Port Moresby discussing 12 agendas including the transfer of BCL shares and transfer of powers on fisheries, taxation, land matters, and financial powers and functions in the spirit of the 2001 Peace Agreement.

Transitional arrangements in Bougainville to effect Referendum results will be guided through consultation process laid out through the JSB outcomes as mutually agreed to by both Prime Minister Marape and President Momis.

ADDRESSING FRONTLINE AND LEGACY ISSUES

In the process of addressing key priorities, we made progress on addressing Legacy Issues to enable progress.

Marape-Steven Government also addressed several urgent and emerging issues including:

- Global COVID-19 Pandemic on March 14, 2020, shutting borders, declaring 14-day lock down, declaring State-of-Emergency that will end on June 2, 2020, and managing eight recorded infections with consequent effects on the economy. Released COVID-19 Economic Stimulus Package of K5.6 billion;
- Instituted Commission of Inquiry into UBS loan of K3 billion to establish legality of public funds use and why Oil Search, through State borrowings, paid for its minority purchase of LNG shares at triple the price more than the other players;
- Parliamentary Inquiry into health corruption with referrals for prosecution;
- Enactment of ICAC Bill and Whistle Blowers' Act;
- Appointment of corruption fighters into bureaucracy and political positions;
- Parliamentary presentation of APEC Report;
- Return of Porgera Gold Mine to PNG after mining development lease (SML) agreement expiry; and
- Resource law amendments to optimise economic returns and equal benefit sharing between landowners, provincial governments and State.

1. ICAC AND WHISTLE BLOWERS ACT

The major achievement by the Marape-Steven Government on the fight against corruption is the successful enactment of the Whistle Blowers Act and a prompt and effective response on the Independent Commission Against Corruption (ICAC).

PNG Parliament unanimously voted for the 2020 Whistle-Blowers Act 90-0 votes on February 18,



Top: PM Marape addressing a point during the COVID-19 lockdown period.

Main: PM Marape meets ABG President Chief Dr. John Momis during JSB meeting at the APEC Haus recently

SHAPING THE ISSUES OF THE FUTURE

2020. This law gives "protection" to public to report any corrupt practices both in the public and private sectors. To complement the Whistle-Blowers Act 2020, the Bill on ICAC is expected to be passed in the third and final reading when Parliament resumes its meeting in June 2020.

The Parliamentary Committee was already briefed on the ICAC Bill before it goes to Parliament in June 2020. The Chairman of the Parliamentary Committee, Sir Peter Ipatas, acknowledged the Marape-Steven Government for positively responding to the public's outcry to crack down on corruption which is affecting the fabric of our society.

ICAC will be a watchdog on corruption, and its role will be to receive and consider complaints, investigate, educate (awareness), and prosecute cases of corruption.

2. COMMISSION OF INQUIRY (COI) INTO UBS LOAN

The public was so concerned less attention was given to prudent management of public resource, including public finances.

The Marape-Steven Government established the Commission of Inquiry (COI) into the Union Bank of Switzerland (UBS) loan deal with a funding arrangement of K4 million straight after installation of the new Government. The COI is headed by the former Chief Justice of PNG Sir Salamo Injia. The main objective of the COI was to investigate all aspects of the loan that was taken by the Government to acquire Oil Search Ltd shares in 2014, the International Petroleum Investment Company (IPIIC) loan which was secured in 2009, and the UBS loan.

On the March 6, 2020, Prime Minister Marape made himself available before the COI to be questioned. It is believed PNG lost around K3 billion in the UBS loan deal.

3. PUBLIC ACCOUNTS COMMITTEE (PAC)

The Marape-Steven Government also established the Public Accounts Committee (comprised of the Legislature) to study public audits, investigate, question, and issue a report of their findings back to the Parliament on PAC recommendations. There were certain inquiries made by the PAC, starting with the most recent, although the enquiry was put on hold due to the COVID-19 and State-of-Emergency situation:

In April 2020, the PAC began an inquiry into the sale of the old Parliament House. This enquiry was put on hold by the SOE and COVID-19, however, will proceed as soon as Parliament duties resume.

Kumul Petroleum Holdings: this was the first enquiry, but it has been delayed due to court proceedings filed by KPHL challenging the PAC's scrutiny into their operations.

Health Department: The PAC split the enquiry into two parts: Part I: Road Map Forward—This first part has been concluded and the report to Parliament is to be reviewed and approved by the Committee Members. This first report presents the first and important conclusions and recommendations for reform arising from the Inquiry so that the Marape-Steven Government can start immediately to chart a way forward. Part II: Management, corruption and abuse - The inquiry uncovered startling revelations of alleged misuse, abuse, and incompetence. Once the second part of the inquiry concludes, referrals will be made to relevant authorities to pursue through Leadership Code and Criminal Law.

4. EDUCATION DEPARTMENT – TUITION FEE FREE (TFF) POLICY

This is another major inquiry delayed due to COVID-19. The focus of the PAC enquiry will be on the TFF policy that cost the national purse billions of Kina. Notices and summons have been prepared and this enquiry will start on full throttle in the coming weeks.

5. APEC REPORT

This is the hot topic on the social media, especially on Facebook. The Marape-Steven Government has taken a proactive approach in addressing the audit report on the spending done on hosting the APEC. As per NEC Decision, the Auditor-General will undertake the APEC Report. All expendable details have been provided by the Department of Prime Minister and NEC.

6. FIGHTING CORRUPTION.

Marape-Steven government has made extraordinary appointments of corruption fighters like Sam Koim, Bryan Kramer, and Kerenga Kua in its strategic administrative and political offices. Bryan Kramer even did not vote for Prime Minister Marape, but through public views of seeing him as a corruption fighter, Prime Minister Marape appointed him.

The former Government was very reluctant to promote the fight against corruption and suppressed the appointment of patriotic corruption fighters and dismantled or impaired anti-corruption organisations such as Task Force Sweep, National Fraud Squad Directorate and delayed presentation to Parliament of the ICAC Bill.

7. MOTUKEA PORT

The former regime allegedly signed an agreement to purchase Motukea Port from Curtain Bros Ltd at the exorbitant Price of K725 Million in August 2015, with almost a billion Kina paid to date. Government has frozen the contract with Curtain Brothers in late 2019, pending proper investigation, and thus potentially saving millions of Kina for the people of PNG.

The other alleged overpriced project is Sir Hubert Murray Stadium, which is a failed arrangement. The initial funding of K11 million was first committed but project failed.

Under this Government, Hubert Murray Stadium is now taken over by National Capital District through refinancing of K40 million and should be completed by end of 2020.

Cabinet has sanctioned investigation into the purchase of the Motukea Port and other dealings such as the Solwara Project.

8. FUNDING OF UNFULFILLED LEGAL CONTRACTS

Financing of unfulfilled legal contracts entered by O'Neill Government such as K300 million to Works Department, K70 million to the National and Supreme Court Complex Building and K40 million to the failed Hubert Murray Stadium are cases that warrant scrutiny.

Other overpriced Projects include University of PNG Pacific Games Village (K263 Million, actual was K190 Million), Kumul Flyover Bridge (K161 Million), and Sir John Guise Stadium, all of which attracted public criticism under the O'Neill Government. They will undergo cost assessment to assess for value for money.

9. OTHER ENQUIRIES

Many more organisations and programs have been given notice to come under PAC scrutiny. These include:

- APEC expenditure;
- The NID programme;
- BSP Home Ownership Scheme;
- Duran Farm project;
- National Housing Corporation;
- Mineral Resources Development Corporation (MRDC);
- Department of Works, Wild Cat and Asian Development Bank's low rating of PNG on project contracting and implementation.

SHAPING THE ISSUES OF THE FUTURE

The first 12 months has guided the Prime Minister and his Government towards addressing the Global Health COVID-19 pandemic that has killed over 300,000 people, while at the same time repositioning the country towards self-sufficiency with less dependence on the global supply chain. Key urgent and emerging issues include:

Expanding the tax base with legislations in IRC to migrate 50 per cent of the population into some form of formal business by 2030. In doing so, this will broaden the tax base and increase the current compliance rate of 9 per cent to a projected 19 per cent by 2025;

Confirmation of agriculture and domestic food production for self-sufficiency and export incomes against global supply chain damage;

MSMEs as the backbone of economic growth and strengthening of stronger middle class;

Factoring of global health pandemics as influencing factor on global trend analysis;

Urgent need to set up Sovereign Wealth Fund as savings for future generations, given COVID-19 experience;

Tapping into offshoring of manufacturing production line away from China to Indo-Pacific region;



PM Marape addressing a point at the launch of DHERST Help Program, May 15, 2020.



Centre: PM Marape and Solomon Islands Prime Minister, Manasseh Sogavare exchanging bilateral agreement in Solomon Islands in February 2020.



Left: PM Marape with Australian Prime Minister, Scott Morrison addressing media during his state visit in 2019.

public goods through international financing.

The Marape-/ Government's Foreign Policy shift is to increase trade, labour mobility, and transfer of knowledge.

Prime Minister Marape wants to make PNG a food bowl targeting the South-East Asian population, thereby creating a partnership that has value and will provide economic opportunities and savvy for the people of PNG.

The Marape/Steven Government is of the view that: "Foreign relations isn't about politics any more, it's about trade and commerce."

PNG wants to optimise economic benefits as an input supplier and buyer from its relationships with Australia, Japan, New Zealand, United States, Indonesia, China and Taiwan, European Union and African-Caribbean- Pacific (ACP), and other regional groupings.

Marape/Steven Government will require more trade deliverables from our foreign missions. There will be also a need to streamline these posts with better focus resourcing to get better results going forward.

SUMMARY

In summary, Marape/Steven Government has brought back hope and dignity to a downtrodden and browbeaten people who have been bullied by internationalists, big business, and a culture of corruption and lack of respect for the social and democratic ideals as enshrined in the Preamble to the Constitution as well as the civil liberties embedded in the same. Despite COVID-19, there is for the first time freedom of the press, freedom of information, freedom of speech for Members of Parliament and the citizenry, freedom for the public including public servants to whistle blow, and freedom for Police to do their work without fear or favor. This is the responsible democracy we are restoring for our people.

Financial markets deepening to absorb debt and improve efficiency and productivity to improve PNGs global competitiveness;

Compulsory savings of all citizens to improve domestic capital accumulation through superannuation funds, savings and loans societies, and secondary capital markets reforms through Securities Commission; and

Focused strategy on improving rural livelihoods, markets, water and sanitation, and public motor vehicle safety.

1. A NEW "TRADE ORIENTED FOREIGN POLICY"

An urgent matter to be addressed that will shape the future of PNG in the post-COVID era is the need to reposition the country's foreign policy into a "Trade-Orientated Foreign Policy". PNG's foreign policy seeks to achieve national interests comprising democratic values, economic prosperity and security including biosecurity.

There is an urgent need to align foreign trade policy to domestic policy better to optimise PNG's interest from its multilateral and bilateral arrangements as well as from international regimes that govern global relationships such as the Law of the Sea that deliver international