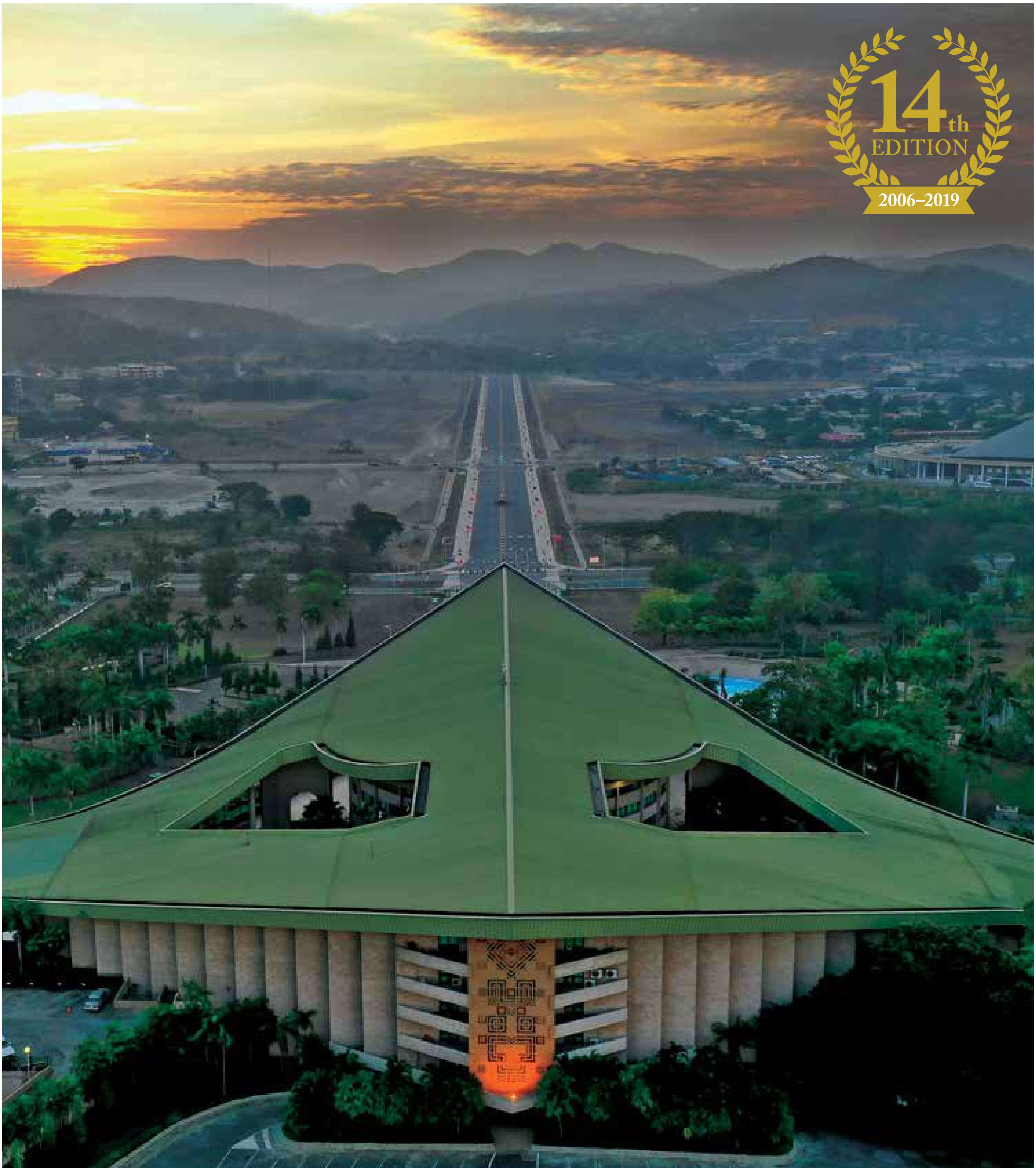
BusinessAdvantage INTERNATIONAL

PAPUA NEW GUINEA 2019

BUSINESS AND INVESTMENT GUIDE



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Local heart
GLOBAL REACH

From humble beginnings in 1929, we have grown into PNG's largest company and investor – operating all its producing oil fields. Our 29 per cent stake in the world-class PNG LNG Project has transformed us into a regionally significant oil and gas producer and exporter.

Our in-country experience combined with our partners' technical and project management skills and PNG's world class assets, places us in an excellent position to continue developing additional LNG trains and grow our presence in the global market.

Our recent acquisition of oil interests in the Alaska North Slope (USA) contains many exciting exploration and appraisal opportunities with material resource upside.

These projects have the potential to double our production within the next seven years and ready us to supply more LNG into the market as the world transitions to a low-carbon future.

Together with the Oil Search Foundation and other stakeholders, we are delivering improvements in health, education and leadership, women's empowerment and critical infrastructure.

As a responsible operator and PNG's largest non-government employer, we work closely with our joint venture partners, regulators, government, land owners and communities to ensure long-term, mutually beneficial outcomes.

Oil Search

PNG Proud for 90 years

Welcome

Welcome to the 14th annual edition of *Business Advantage Papua New Guinea.*

Business Advantage has been reporting on Papua New Guinea's economy since 2006: both in this annual guide and, since 2013, through PNG's top-ranked business media, **businessadvantagepng.com**. We also host the annual Papua New Guinea Investment Conference, which in 2019 will be held at the Shangri-La Hotel, Sydney, Australia on 19 and 20 August. (Consider yourself invited.)

PNG's story since 2006 has been one of major economic growth and progress: the massive PNG LNG gas project (now finally delivering revenues into government coffers), significant infrastructure development in the form of new ports and upgraded airports; an explosion in the use of mobile phones, a housing boom, an emergent middle class, an inaugural sovereign bond, and the hosting of APEC 2018.

With its youthful population, major mineral resources, location in the world's largest fishery, pristine environment, fertile soils and very conducive climate, PNG has a great story to tell.

As with any emerging market, there have been challenges as it has entered more fully into the world economy. These include foreign currency shortages, frustrations with inadequate infrastructure, an over-exposure to the boom/bust cycles of the resources sector, as well as natural disasters such as the February 2018 earthquake in the country's Highlands region.

But businesses in PNG have proven time and again that it pays (and pays well) to take a long-term view of such impediments. As we enter 2019, they are looking forward to a year full of opportunity, as this publication shows.

There is no better way of learning about a country's business environment than hearing from the people who have to live in it every day. It is their perspectives that you will read in these pages, provided through our team of experienced business journalists.

We do not claim to be experts on PNG but we talk regularly to the people who are: from PNG's Prime Minister to the Governor of the central bank, to dozens of senior business leaders from across all sectors of the economy.

This is why our reporting on PNG business is widely shared and syndicated—by business chambers and media outlets, in Air Niugini's in-flight magazine, on social media, by hand, in diplomatic missions, and by word-of-mouth

If you have not already, I strongly suggest you sign up at **businessadvantagepng.com** to receive our free email newsletter, which goes out regularly to a global audience of PNG-focused executives.

They are a group that grows larger every year, as PNG finally takes its place as a key Asia-Pacific economy.

Andrew Wilkins
Publishing Director
Business Advantage International

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APEC

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PNG's economy gather

After years of low growth, the Pacific's largest economy is looking to benefit from new resources and infrastructure investment–plus a dividend from the hosting of APEC 2018. **Andrew Wilkins** talks with the country's business leaders about the the year ahead.

Two thousand and nineteen may well be the breakthrough year Papua New Guinea business has been patiently waiting for, as the country's economy shifts gear.

As a major exporter of mineral and agricultural commodities, PNG benefitted from a rally in international prices for most of its main exports during 2018. Notwithstanding the fall in liquefied natural gas (LNG) prices in the second half of 2018, record LNG production looks set to lead to a welcome boost to government revenues in 2019.

This accounts—in part—for an encouraging 12 per cent increase in revenues anticipated in PNG's broadly well-received 2019 National Budget, presented by Treasurer Charles Abel at the end of 2018.

Meanwhile, government expenditure is only set to increase by around 9 per cent, mostly in critical areas such as infrastructure, education and health.

'You certainly have a Treasurer who's using budget discipline to try and make sure expenditure is appropriate,' observes Paul Sayer, CEO of PNG's largest superannuation fund, Nambawan Super.

Indeed, the O'Neill-Abel Government's restraint should allow it to wind back its debt-to-GDP ratio from 32.2 per cent in 2018 to 30.8 per cent in 2019 and set the scene for what the International Monetary Fund predicts will be healthy GDP growth of 3.8 per cent in 2019.

APEC dividend

Assuming no external shocks from the somewhat volatile global economy in 2019, PNG also looks set to reap the benefits of hosting the 2018 Asia-Pacific Economic Cooperation (APEC) meetings.

While the country hosted a cut-down, 'Pacific-scale' APEC 2018 (dwarfed by recent APEC meetings in China and Vietnam, for instance), its debut as an APEC host was still, by some distance, the largest event ever held in the country.

PNG's achievement in hosting the event was widely applauded. Its capital city also benefitted from major infrastructure improvements in the lead-up to the summit: new and better roads, the upgrade of Jacksons International

Key Points:

- Record LNG production is boosting government revenues, while new resource projects are coming closer to realisation
- Deals struck at APEC will boost infrastructure
- PNG's debut sovereign bond has improved the country's international standing
- PNG's second city, Lae, and the regions to get more attention
- The foreign exchange markets are gradually returning to normal

rs pace

Left: Downtown Port Moresby, with the new Noble Center under construction. Planning is underway for the redevelopment of the adjacent foreshore.
Credit: BAI

Below: Construction work in Lae
Credit: BAI

Airport, the all-new Star Mountain Plaza (featuring PNG's first Hilton Hotel), and three new conference venues, including the iconic APEC Haus.

APEC deals

Of greater long-term importance were the deals PNG signed during APEC. Potentially, these will release billions of dollars of new investment into the country over the coming years.

Key among these are the US$1.7 billion Papua New Guinea Electrification Partnership with Australia, Japan, the United States and New Zealand, the aim of which is to extend power to 70 per cent of the country's population by 2030. PNG also signed a memorandum of understanding on the development of the second LNG project (the Total-led Papua LNG), a US$1.5 billion (K4.88 billion), memorandum of understanding to expand the Chinese Ramu NiCo nickel/cobalt mine in Madang Province, and an agreement with the US and Australia to develop the strategic Lombrum naval base on Manus Island.

Geopolitical rivalries seem to be helping PNG. The country suddenly finds itself in the right place at the right time.

The advent of the US/Japan/Australia Trilateral Partnership for Infrastructure Investment in the Indo-Pacific—also announced during APEC—and PNG's signing up at the end of 2017 to China's Belt and Road Initiative, are signs that the capital required to fund PNG's major infrastructure needs may in the future be more forthcoming.

LAE'S TURN TO SHINE?

New projects will involve major development of the country's regions, which have arguably been left behind by Port Moresby in recent times.

This has been particularly so for PNG's second city, Lae, in Morobe Province. With APEC out of the way, it may now be Lae's turn to shine.

In December 2018, a memorandum of understanding between the PNG Government and developers was signed to pave the way for a final agreement on the Wafi-Golpu copper/gold project, 65 km south-west of Lae (see page 32).

This joint venture, between Newcrest Mining and Harmony Gold, possesses enough copper and gold reserves for a 28-year mine. It is expected to be a major catalyst for economic development in Morobe.

For instance, the mine's projected annual requirement for 110 MW of power should enable state-owned utility PNG Power to expand and upgrade its Ramu power grid. The construction of the mine will also create much-needed jobs and demand for products and services from local business.

On top of this, PNG's National Government has committed funds to upgrade Lae's Nadzab airport and

The central bank building under construction in Lae. Credit: BAI

work has already commenced on expanding the road connecting the airport to Lae city itself, home to PNG's busiest port. Work is also expected to start soon on the redevelopment of Coral Seas Hotels' landmark Lae hotel, the Melanesian, in 2019.

Lae is also the terminus for PNG's longest and most important arterial road, the Highlands Highway. This year, work will commence on the 10-year Asian Development Bank-funded project to upgrade the highway. It is a project that will especially benefit the Highlands region's many smallholder farmers. (For more on agriculture, see page 49.)

More gas

After the APEC memorandum of understanding, a final agreement for the Total-led Papua LNG project is expected be struck before the end of the first quarter of 2019.

Based on the Elk-Antelope gas fields in Gulf Province, the project will use much of the infrastructure developed for PNG's first LNG project, the ExxonMobil-led PNG LNG.

'Total being the second-largest world private LNG player, we are fully committed to the success of the Papua LNG project, which benefits from a favourable geographical location close to Asian markets,' said Patrick Pouyanné, Chairman and CEO of Total. His statement would also have encouraged provincial and business interests looking to develop the Ihu Special Economic Zone in Gulf.

With ExxonMobil also looking to expand its PNG LNG project with gas from its P'nyang field, the prospect of five LNG trains instead of two at the LNG Plant in Caution Bay near Port Moresby is looking ever more likely. (For more on PNG's mining and petroleum sector, see page 26.)

Sovereign bond

Another major international achievement for PNG came to fruition in September 2018, when it successfully completed its inaugural international bond issue of US$500 million (K1.63 billion). Encouragingly, the issue was over-subscribed, with orders exceeding US$3.3 billion.

As the Governor of PNG's central bank, Loi Bakani, tells *Business Advantage PNG*, the move is likely to have significant long-term benefits.

'It gives the government more capital–raising options in the future. It also raises the benchmark for other corporates in PNG—the likes of Kumul Petroleum and Kumul Mining [state-owned nominees for PNG's forthcoming resources projects] will be looking for equities for the upcoming resources projects.'

The sovereign bond also puts a price on PNG sovereign risk for the first time and gives a much-needed boost to a nascent secondary bond market in PNG.

'The fact that the sovereign bond got away when it did was great timing,' says ANZ's Managing Director in PNG, Mark Baker. 'It's a really important vote of confidence in the long-term future of PNG.'

Foreign exchange

The influx of funds from the sovereign bond, some smaller intervention capital from the World Bank and the Asian Development Bank, and improved revenues from exports, has seen a gradual improvement in the availability of foreign exchange.

> GEOPOLITICAL RIVALRIES SEEM TO BE HELPING PNG, WHICH SUDDENLY FINDS ITSELF IN THE RIGHT PLACE AT THE RIGHT TIME.

In recent years, it has been hard for PNG-domiciled foreign companies to repatriate profits. Importers have found it difficult to make payments to overseas suppliers. Matters are slowly improving, however.

'We plan to bring the market to normalcy in the coming year with those products that we have now … we're slowly getting there,' says Governor Bakani.

Tough 2018

2018 was a tough year for PNG's economy. The modest predictions for about 3 per cent GDP growth were downscaled, in part due to a major earthquake in the country's Highlands region in February 2018.

This not only caused tragic loss of life; it also caused disruption to some the country's oil and gas fields, affecting exports of PNG's major commodity—LNG.

Despite admirable recovery efforts, led in many instances by PNG's business community, 2018 was a quiet one for economic activity, leading the Asian Development Bank to revise its estimate for GDP growth back to just 0.5 per cent.

Many retailers in particular told *Business Advantage PNG* they felt the pinch in 2018, and they were not alone.

'The environment has been quite soft for the private sector for quite a few years now,' observes Michael Scantlebury, Managing Director of Steamships, which has interests in logistics, real estate and hotels. 'I think the expectation was that 2018 would be a stronger year but it hasn't really happened.'

Papua New Guinea in brief

Population:	7.776 million (2016, source: United Nations)
Capital:	Port Moresby
Surface area:	463,000 sq km
People:	Melanesian, Papuan, Negrito, Micronesian, Polynesian
Time zone:	GMT +10 hrs
Business language:	English
Political status:	parliamentary democracy
GDP:	US$21.089 billion (2017, source: World Bank)
GDP growth:	3.8% (2019 projected, source: IMF)
Inflation:	4.5% (2018, source: IMF)
Currency:	PNG kina
Major industrial sectors:	mining, gas/energy, crude oil petroleum refining, palm oil, coffee, forestry, construction, fisheries, tourism, manufacturing
Exports:	liquefied natural gas, oil, gold, copper ore, logs, palm oil, coffee, cocoa, seafood, vanilla
Major export markets:	Australia, Japan, Philippines, China
Imports:	machinery and transport equipment, manufactured goods, food, fuels, chemicals
Major import markets:	Australia, Singapore, China
World Bank Ease of Doing Business Ranking 2019:	108 out of 190 economies

Steamships' Michael Scantlebury Credit: BAI

'We always knew we'd have to manage it tightly during the year,' notes ANZ's Mark Baker. 'I think companies adapted well under quite difficult circumstances. We've been through a difficult time since 2013—the resilience of Papua New Guinean companies is impressive.'

More development

With APEC now behind it, PNG's capital Port Moresby looks likely to continue its development.

The Chinese built Noble Center (set to be PNG's tallest building), stage two of Nambawan Plaza, and Steamships' K250 million Harbourside South look set to be the next major developments completed in downtown Port Moresby. These projects are preludes to the massive redevelopment of land occupied by Port Moresby's old port, since relocated to Motukea Island. The redevelopment is being handled by state investment company, Kumul Consolidated Holdings. A public-private partnership is its preferred model.

Elsewhere in the capital, Nambawan Super and Lamana Development's Rangeview Heights housing and retail development, and phase two of Star Mountain Plaza are set for commencement. Just outside the capital, Port Moresby's first premium weekend resort, at Loloata Island, will open in 2019.

'There's certainly a lot of stock coming on to the market,' notes Nambawan Super's Paul Sayer, who observed some softening of rental prices in 2018. If the increased rental demand seen during PNG's last resources boom is anything to go by, Port Moresby is going to need this stock before too long.

SMEs on the move

Progress is not dominated by the big end of town. The rapid development of micro-and-small-to-medium-size enterprises (MSMEs) is government policy and there are signs that this sector is on the move.

'We've seen great strides in the SME space,' observes Zanie Theron, Managing Partner of KPMG in PNG. 'In 2016, when the government announced its SME strategy for the next thirty years, they were talking about moving


It's not just the technology that makes this project a success.
More than 80 percent of the workers at the ExxonMobil-operated PNG Liquefied Natural Gas project are Papua New Guineans. They're critical to the success of the largest investment in the country's history, one that's helping meet energy needs at home and across Asia. And as part of our commitment to the future of Papua New Guinea, we're already looking for more opportunities to invest here. Learn more at **exxonmobil.com/pngpartnership**
ExxonMobil
Energy lives here™
Barbara Kipak
Operations Technician

Nambawan Plaza under construction in downtown Port Moresby.

from 5000 to 500,000 businesses, generating between 6 per cent and 50 per cent of GDP. It seemed like a pipe dream, but if you look at the market activity over the last year, there's certainly progress.'

The construction of covered marketplaces, where vendors can sell their goods, is one way of formalising the MSME sector. Jim Collings, Country Manager of PNG's largest provider of fuel, Puma Energy, provides another:

'From our own model, we've moved from owning and running our service stations to a position where all our service stations are run by dealers—all SME operators and 99% PNG citizens. In our LPG (liquefied petroleum gas) market over the last year, we developed a national network of 350 resellers. By the early 2019, it will be 500 plus. These are businesses that were not there yesterday.'

One significant constraint on the growth of MSMEs is undoubtedly PNG's enabling infrastructure. While roads and ports are important, good quality communications and internet are seen as critical drivers: one reason why the digital economy was a major focus at APEC 2018.

There is good news on the horizon for those waiting for improvements to PNG's hitherto patchy telecommunications infrastructure. By the end of 2019, the international Coral Seas Cable System and the Huawei-built local Kumul Submarine Domestic Fibre Cable Network (see page 41) should be complete, paving the way for widespread broadband connectivity in PNG. Most businesses in PNG can't wait. ◆

PNG'S CAPITAL MARKETS GET BOOST

PNG's capital markets have been ripe for development for some time. Two new iniatives look set to create major progress in the coming year.

In late 2018, Pacific Capital Markets Development announced it had reached agreement to acquire Bank South Pacific's 62.5 per cent majority holding in the Port Moresby Stock Exchange (POMSoX).

The new deal puts the future of the exchange in the hands of two experienced capital markets specialists: Frank Dunphy (a former Chair of the POMSoX) and David Lawrence, former Chief Operating Officer of the Sydney Stock Exchange.

Dunphy tells *Business Advantage PNG* the new majority owners have significant plans to expand POMSoX, to allow it to trade government and corporate bonds, real estate investment trusts, and derivatives such as futures.

Dunphy also plans to acquire a leading edge 'safe, secure and fast' settlement system based on blockchain, and a new index for the PNG market is also on the cards.

'We're also keen to create a market on the issuance and trading of government debt.'

Pacific Capital Markets Development's Frank Dunphy

Following the successful launch of PNG's first sovereign bond, the International Finance Corporation intends to issue a AAA bond as part of its efforts to deepen PNG's financial markets. John Vivian, IFC's Resident Representative for Papua New Guinea, tells *Business Advantage PNG* the IFC is looking at issuing bonds that are backed by its own balance sheet.

'We're aiming to introduce new instruments beyond governments that allow for the diversification of risk,' he says. 'IFC can also potentially act as an anchor investor for issuances of bonds by PNG corporates.'

Dunphy and Lawrence are also keen to support new funding sources for SMEs.

'Supporting capital raising and trading for SMEs both fills the short-term gap between micro-finance and listing, and in the medium term provides a pipeline of companies for the growth of PNG's listed market,' notes Dunphy.

'A vibrant national economy needs a well functioning and efficient equity and debt market,' observes Lawrence.

APEC 2018 Papua New Guinea

Biggest ever event

Papua New Guinea's hosting of APEC has given the country an enhanced international presence, with some important commitments coming from other regional economies..

Papua New Guinea hosted the Asia-Pacific Economic Cooperation (APEC) meeting in 2018, which was the country's largest ever event.

Justin Tkatchenko, Minister for APEC, believes it has improved PNG's international profile.

'We have proved all our critics wrong and have successfully hosted one of the biggest events of our history. We have now put Papua New Guinea on the map, like never before.'

The Director General of the APEC PNG 2018 Coordinating Authority, Sir Charles Lepani, says the event went well despite PNG being a small economy with limited resources. 'I was impressed with the commitment demonstrated by our government leaders and officials, and the way they responded to meet the challenges of organising such a major event. Above all, the stunning APEC Haus will remain for me, personally—and many others I imagine—the enduring iconic legacy.'

PNG's APEC Ambassador Ivan Pomaleu claims the country achieved all of its goals in spite of the lack of a consensus within the group of 21 nations.

'PNG was trying to referee a couple of big boys in the room—that was interesting. I like to think that, in a roundabout way, we helped with the discussions. Were we successful? PNG initiated a number of key projects for 2018. We hosted and supported our deliverables. We achieved 100 per cent of what we set out to achieve.'

Lessons

Pomaleu believes there were some key lessons from the APEC experience. 'Prepare well, get plenty of practice, build capacity, stick to a core number of ideas and deliver those well. Keep a good

Above: APEC Haus was built for APEC Credit: APEC
Right: Papua New Guinea Prime Minister, Peter O'Neill with Chinese Premier Xi Jinping at APEC PNG 2018.
Below: The APEC CEO Summit was held on a passenger liner Credit: APEC

balance between local issues and ongoing issues relevant to bigger economies.

'Good outcomes are those which are relevant to the different levels of stakeholders, especially those at the lower end. And be creative.'

Pomaleu says the key challenges tend to be the same for each APEC economy; the only difference is in scale.

'Geopolitical issues between large economies continue to prevail, which will affect discussions within APEC. APEC PNG 2018 reminded APEC that we need to restate our fundamental principles in the context of prevailing, as well as emerging, challenges.'

Commitments

David Toua, Chairman of the APEC Business Advisory Council (ABAC) claims that the summit was 'successful and incident free' arguing that it marked a 'sharp turn' in PNG's international profile.

'It was quite a meeting and it is with great regret from a PNG perspective that the (final) declaration didn't materialize. But when you talk about the outcomes of the program, we received many commitments from our friends in APEC from the other 20 economies.'

> WE ACHIEVED 100 PER CENT OF WHAT WE SET OUT TO ACHIEVE.
>
> Ivan Pomaleu

Toua points to the Papua New Guinea Electrification Partnership and 'offers of educational assistance' from China and Australia.

'We have received assistance and commitments from New Zealand in the area of health—specifically polio vaccination. The Philippines have come forward and offered financial capacity to build the rice industry.'

Toua adds that the meeting enhanced members' understanding of the major role that APEC plays in the region's architecture.

'Was APEC successful? You bet it was.'

ABAC recommended continuing support of the international trading system and continuing with multilateral efforts to modernise the World Trade Organization to 'keep pace with modern business needs.'

A second recommendation was to urge engagement with civil society to explain the benefits of trade liberalization and its role in creating income growth for lower and middle economic groups.

Another recommendation was to 'fully leverage the digital age for enhanced opportunities for all.'

Toua says ABAC advocated moving towards a low carbon society.

'What was particularly pleasing was the value placed by industry leaders on messages and policies of the PNG Government.' ◆

Quotable quotes

Business leaders provide their personal takes on Papua New Guinea's outlook.

Zanie Theron *Managing Partner, KPMG PNG*

'Everyone is expecting the upturn. From the perspective of the professional services industry, we have seen overseas potential investors making contact and saying "can you help us register a business in PNG?". I think they're waking up to PNG. It's also to do with "where can we expand next?": if you look at the Pacific from a business perspective, PNG is the logical choice.'

Loi M Bakani *Governor, Bank of Papua New Guinea*

'There's always some positive things changing and one of them is that we're getting the PNG LNG project paying taxes for the first time, which means they've covered their costs and they're running surpluses now. And that's K880 or K900 million that wasn't budgeted. So this is changing the budget scenarios.'

Ian Tarutia *CEO, Nasfund*

'The Government is encouraging financial institutions such as ourselves to participate in infrastructure investment. Ports, internet, telecommunications are all logical considerations. I'm sure there will be some participation in the future.'

True Partnership

Business in Papua New Guinea thrives from having a social dimension.

By Peter Botten

I represent a Papua New Guinean company, Oil Search, which, although a relatively small oil and gas producer in a regional context, is one of, if not the largest, private sector investor in PNG. We have significant interests in PNG LNG, the newly developing Papua LNG Project, we operate all the country's oil fields and we have the largest exploration portfolio in the nation.

Since 2003, we have invested almost US$11 billion (K37 billion) in exploration and development in Papua New Guinea. With almost all our assets in PNG our future is inexorably linked to the successful social and economic development of this nation.

Developers in PNG have to address and participate in the social, as well as the economic, development of the country and its people. There is a compelling business case, and strong social responsibility, to play an active role in working with government and, most importantly, our communities—in true private-public partnerships, to ensure developments are done in a sustainable way.

PNG is blessed by having abundant natural resources.

Peter Botten, Managing Director of Oil Search

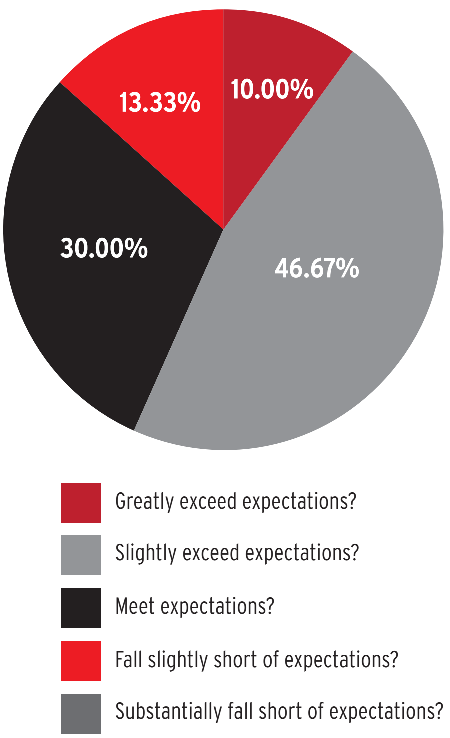
Although relatively small on a world scale, oil and gas reservoirs are generally prolific. It is a pretty good place to find and develop oil and gas, although logistics challenges do not make this work cheap.

Leveraging the capacity of the private sector through innovative partnerships with government, community and stakeholders has resulted in definition, and then delivery, of agreed development objectives. Increasingly, the private sector is recognising that business will thrive if it can improve society, whilst generating a fair return. What happens here in PNG can be a model for economic and social development in other developing countries. ◆

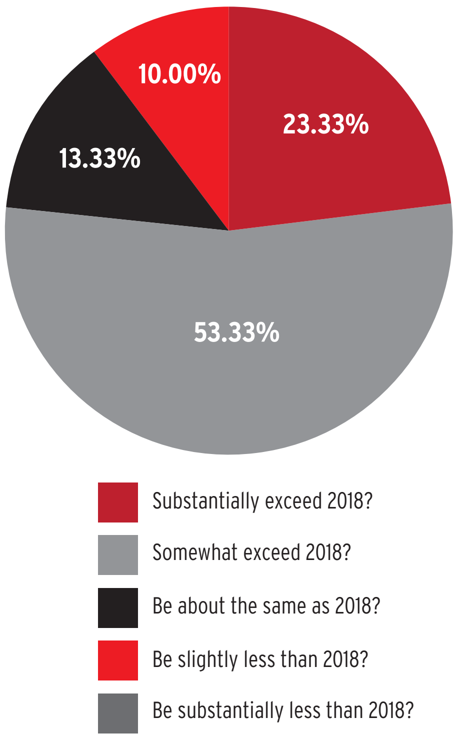
-- This is an extract of a speech given to the 2018 APEC CEO Summit.

The 2019 PNG 100

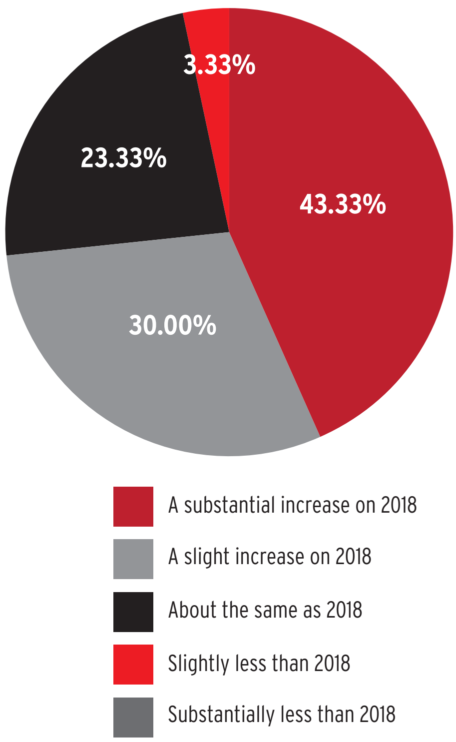
Looking back on your business's performance in 2018, did your profits



In 2019, do you anticipate that your profits will



How much investment (e.g. in plant, equipment, land or other assets) are you planning in 2019?



This is the eighth year Business Advantage International has run the **PNG 100 CEO Survey**–its exclusive survey of the executives who run PNG's largest companies.

Each year, the survey aims to reveal the levels of business confidence by asking CEOs about their anticipated profit levels and expectations for investment and recruitment in the year ahead–2019. They also identify the key issues that they face in their business.

Profits patchy

Twelve months ago, when we asked the CEOs what their profit expectations were for 2018, they were cautiously optimistic. About two thirds were positive. Half thought profits would 'somewhat' exceed the levels of 2017 and 15 per cent expected that they would be up 'substantially'.

A year on and those expectations were broadly met. More than half (56.7 per cent) said performance was better than expected with 10 per cent saying profits were up substantially, although this figure was down on the 15 per cent the year before. The number of respondents who said profits slightly exceeded expectations (46.7 per cent) was just over double the level in the previous year.

Thirty per cent said profits were in line with expectations, up from a quarter the previous year, and 13.3 per cent said they fell slightly short of expectations. Nobody said profits fell substantially short of what was hoped, an improvement on the previous year when 6.2 per cent were in this category.

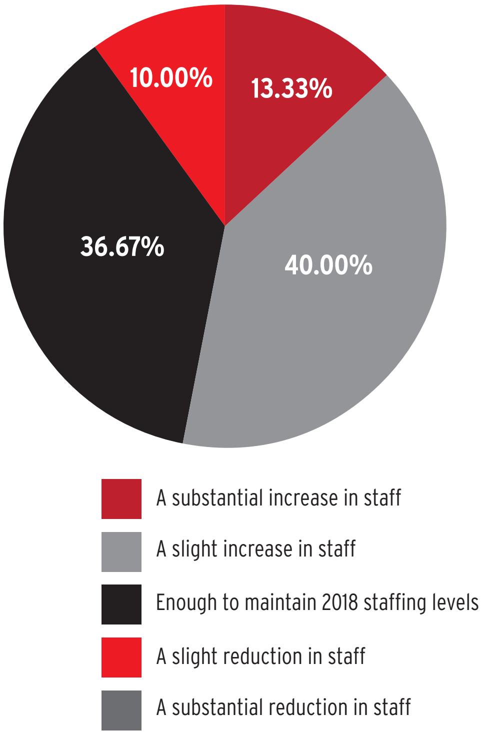
What will 2019 bring?

With some signs of economic recovery, it is not surprising that business leaders are reasonably bullish. More than three quarters (76.6 per cent) believe that profits will rise this year, up from 65.6 per cent figure in 2018.

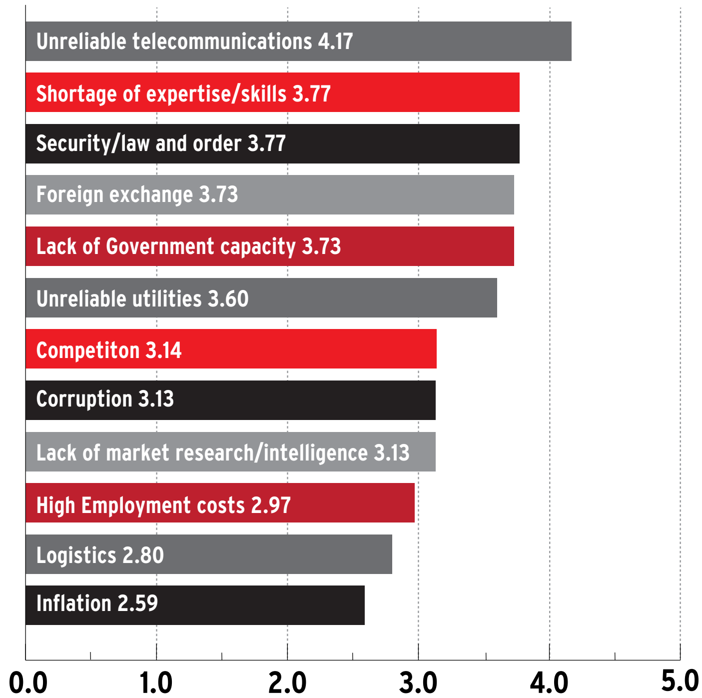
The number of CEOs who expect profits to be substantially up was also higher: 23.3 per cent compared with 15.6 per cent in the previous year. A tenth believe profits will be worse, while 13.3 per cent believe they will be the same, compared with a quarter in the previous year. Once again, no CEOs expect substantially lower profits.

CEO Survey

What level of recruitment are you planning in 2019?



What are the impediments facing your business right now?



Investment & employment intentions

Investment and employment intentions are two useful indicators of business confidence. The patterns of intended investment suggest that business optimism is rising, with 43.3 per cent of respondents saying they will substantially increase their outlays, up from 37.5 per cent in the previous year. Thirty per cent expect to make a slight increase in investment, up from a quarter in the previous year and a return to the levels of 2017.

Only 3.3 per cent expect to make slightly less investment, down from 9.4 per cent in the previous year, and none said they would substantially decrease investment. This intensifies a medium term trend of increased investment as businesses position for the future, despite the difficult economic conditions.

Recruitment intentions are more conservative but still positive. More than half (53.3 per cent) expect to increase staffing levels, while 13.3 expect a sharp rise (slightly up from 12.5 per cent per cent in the previous year).

Issues facing PNG business

While access to foreign exchange features again as a significant issue faced by PNG's major businesses, it is superceded in this years survey by unreliable telecommunications, which is listed as the top impediment for the first time in eight years of our survey. It also implies that the Coral Sea Cable System, to be introduced in late 2019 (see page 41), will have a big impact on business in PNG. Foreign exchange is nominated by 63.34 per cent of respondents as a first order issue, down from 71 per cent in the previous year. It is considered 'mission critical' by 36.7 per cent of respondents, down from 41.9 per cent in the previous year.

Unreliable telecommunications was rated even higher than foreign exchange, with 83.4 per cent ranking it as a first order issue and 36.7 per cent saying it was 'mission critical'. Other issues considered mission critical are: shortage of expertise and skills (30 per cent, up from 22.6 per cent the previous year), security and law and order (23.3 per cent, up from 9.7 per cent the previous year), and lack of government capacity (16.7 per cent, down from 22.6 per cent). ◆

The 2019 PNG 100 CEO Survey was conducted by Business Advantage International between October and December 2018. The survey included senior executives from a representative sample of PNG's largest companies, across all sectors of the economy.

A strategic approach

‘WE ARE FOCUSING ON AGRICULTURE, TOURISM, SMALL AND MEDIUM ENTERPRISES’

PM Peter O’Neill.

Prime Minister Peter O’Neill talks business with BAI’s Andrew Wilkins.

The Business Advantage Papua New Guinea Investment Conference revealed that the economy is rebounding but there is a need to diversify.

By David James and Kevin McQuillan

The Business Advantage Papua New Guinea Investment Conference, held in Brisbane in August 2018, brought together some of the nation’s most important players to consider where Papua New Guinea is heading.

The Prime Minister, Peter O’Neill, presented an upbeat picture of where the economy is going.

‘Over the last six or seven years, we have almost doubled our GDP,’ said O’Neill. ‘I have absolutely no doubt that over the next 10 years we will double it again. I don’t think many countries around the world will achieve that.

The challenge for Papua New Guinea is trying to make sure our people migrate from where they are to middle class—and beyond. So they have the right skills, the right opportunities and a better standard of living.’

O’Neill said there is a need to diversify the industry base. ‘We are focusing on agriculture, tourism, small and medium enterprises—getting our people skilled up, making sure they are educated properly. There is skills-based training in technical colleges, we are building capacities at universities. These are programs that are well-established.

‘In terms of agricultural development in PNG, it has always been about availability of land. We want to ensure that the rights of the landowners are protected but that the land is made available for investors to invest and the investors’ interests are also protected by a proper titling and proper leasing arrangements of those lands that are being developed. So we have been partnering a few of the large investors who have come into the country.

to nation building

Edward Faber, Country Economist for the Asian Development Bank, gave a bullish assessment of PNG's medium term prospects. He expects to see 'significant future growth' coming from 2020 onwards with new resource projects and infrastructure development.

'The fiscal consolidation strategy of the government is on target and the forex backlog has reduced.'

Faber said GDP growth in 2019 is expected to be between three and four per cent due to a rebound in LNG, oil and gold production.

Edward Faber, Country Economist for the ADB.

'Looking ahead to 2020, we then expect the two LNG projects to come on stream and that will lead to a new growth phase (see page 32).

'We also have Wafi-Golpu, which will be a US$2.8 billion investment. We also have the China One Belt One Road initiative where they potentially have pledged US$3 billion. Wafi will be in an area with a lot of potential for agriculture and they will be putting roads in so it can also help the non-mining sector.'

'There is huge interest in cattle. There is huge interest in rice. These are areas where the government is not trying to come in and participate—not to dominate the industries but to provide security for the investor. The model that we are developing is starting to work. For example, with the Israelis we have a poultry farm in a place called Koroba in Hela Province. With the new tourism plan, we will do the same.' ◆

Innovators set the direc

An impressive young digital entrepreneur has ambitious plans.

Crystal Kewe, the co-founder of Port Moresby-based software company Crysan Technology has a plan to develop a national platform for weavers of bilum bags—Bilum Mamas— to market the product on a global scale. Kewe believes most bilum weavers do not get an equal share of what they make.

'The middle men get most of the share. There is the also the issue that tourists who come to PNG cannot connect with the traditional and cultural significance of those bilums.

'A country which does not innovate will stagnate and regress at the peril

OPPORTUNITIES IN CARBON CAPTURE

Climate expert says PNG has opportunities in the environmental space.

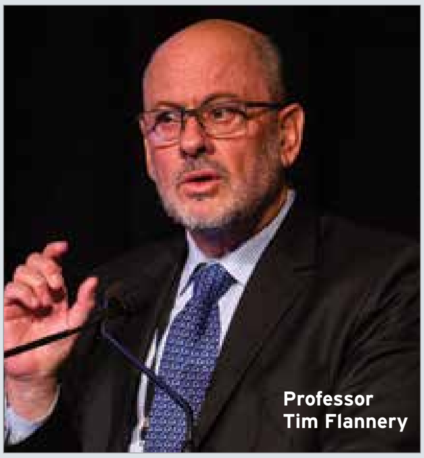
Climate change expert Professor Tim Flannery told the 2018 Business Advantage Papua New Guinea Investment Conference in Brisbane that PNG can develop environmental commerce with its forests, its soil and the marine areas.

'Sadly, we have come to an agreement very late on climate change,' said Flannery.

'We are now in a situation that we have emitted so much greenhouse gas that we will almost certainly cross the threshold that we are trying to avoid. Unless we are going to draw down enormous amounts of carbon dioxide from the atmosphere.

'There is a whole new area, which will become increasingly important, which is how do we get some of the gas out of the air?'

Flannery said reforestation is


Professor Tim Flannery

one of the biological pathways for capturing carbon.

'The opportunities in places like Papua New Guinea, where you have such rapid rates of plant growth, are very large indeed.

'The soil carbon store is about twice as large globally as the living carbon store in the forests. So the opportunity to increase carbon in the soil—which gives you better productivity, better water retention, and so forth—is again very large.'

Flannery believes that the oceans also have enormous untapped potential.

'It is one of the areas where Papua New Guinea has tremendous opportunities just by virtue of the coast line, by virtue of the living experience that the local cultures have in managing marine resources, and the enormous productivity of the areas around Papua New Guinea.'

Kelp farming, he said, 'has enormous potential for sequestration simply because kelp grows so fast.

'It grows 30 to 60 times faster than land-based plants. If you want to sequester the carbon in that kelp, the oceans a kilometre down are an ideal place to do it.

'So, if you have productive coastal environments near marine canyons and deep water such as Papua New Guinea has, then the potential for kelp farming is great.'

ction

of its citizens.' She says she will be working with Westpac PNG and Mastercard to develop a payment gateway.

Kewe argues that there is an urgent need in PNG to develop innovation clusters and supportive government policies.

'Presently, institutional actors such as the governments, science and innovation agencies, research and training institutions, and the ICT industry do not harmonise because there is a lack of innovation policy, a strategic framework and systems that promote innovation to enhance economic growth.

'We have a small vibrant community of ICT start ups with a membership of over 30. We have organised ourselves into the PNG ICT cluster. Several of our members are already contributing in the education sector, conservation, micro enterprise and other areas using web apps.

'We are working to raise awareness and link up with international organisations.'

Kewe started her first company with her father when she was 15 (she is now 18). She said developing an innovation culture is critical to the future of Papua New Guinea.

'Without innovation, I think the country will be doomed when resources run out and there is no inflow of new ideas, businesses and opportunities to sustain the modern economy.

'There is a need to recognise and modernise all actors in the economy in order to sustain innovation.' ◆

INFRASTRUCTURE

Papua New Guinea requires about six per cent of its GDP to maintain its infrastructure assets, according to Craig Lawrence, Principal at Lytton Advisory. He advocates taking a 'strategic asset management approach'. He points to the need for effective planning, prioritisation, funding strategies for ongoing operations and a consideration of the lifecycle of assets.

Lawrence says that PNG has 'big infrastructure challenges'. These include: climate, topography, population, culture, economics and finance.

It is all about oversight

Governance is what matters for those looking to attract investors in PNG, say experts.

By David James

Papua New Guinea businesses looking for investment capital must show they have sound governance systems in place. That is the view of bankers and advisers working in the PNG market.

John Vivian, Papua New Guinea Resident Representative for the International Finance Corporation says governance is an area the organisation focuses on when providing support to PNG business. 'The super funds stress that good governance is absolutely paramount. That is certainly an area where we put a lot of effort into improving.'

Paul Sayer, Chief Executive Officer at Nambawan Super, believes good quality governance—the oversight of an independent board, proper lines of reporting, protection of minority shareholders' interests, and effective auditing—is critical when assessing an investment.

'Good returns come with good governance,' he says, adding that it is especially important for companies that have had a sole owner. 'If you have someone who has held their hand over a business and then, all of a sudden, [investors] say: "Right, we need governance, you need to report to directors what is going on"—can [the owner] transition through from that small business mentality?'

Sayer says companies that have gone through the process of developing strong governance should get access to capital.

'They need to be able to report; take the shareholders' voice and deal with it.'

David Brown, Chief Investment Officer at Nasfund, agrees that sound governance is essential for companies looking to raise capital.

THERE ARE LARGE AMOUNTS OF AVAILABLE FUNDS TO INVEST IN PROFITABLE COMPANIES.

Zanie Theron.

'We need somebody to drive the bus and report within a governance framework. That is standard business practice anywhere else—so there is that quality control.'

Brown says it is important that investors have 'good minority protection' with a shareholders agreement and governance protection.'

Foreign investors

Kip Hanna, Westpac's Pacific Regional Head, says governance is an aspect of the management of risk. It is especially important for foreign investors.

'It is similar to many emerging markets where you have got a higher level of risk and a broader range of risks.'

Hanna points to the importance of using 'valuable PNG insiders' who have been working in the market for a long time and would make good board members.

'There is a lot of value in having people with that experience on your boards, who are able to guide you through, particularly if you are new to PNG.'

Wespac's Pacific Regional head, Kip Hanna.

Zanie Theron, Managing Partner at KPMG, believes there are 'large amounts of available funds' to invest in profitable companies.

'What they are looking for is a going concern but also looking at their governance and financial administration systems. Over the last two years, the downturn in the economy has put a lot of pretty strong companies under pressure. If they can be profitable in a weak economy, they have the potential for a large improvement as the economy improves.' ◆

How PNG's super funds identify opportunities

Two of the biggest institutions in PNG have some strict requirements before they will invest.

By David James

How do Papua New Guinea's two largest super funds, Nambawan Super and Nasfund, make investment decisions on behalf of their members? According to two senior executives in the super funds, strict guidelines have to be followed to ensure they perform well in difficult economic conditions.

Paul Sayer, Chief Executive of Nambawan Super, says assets under management are growing fast. 'It is running at about 11 per cent growth annually,' he says.

'So in about seven years it doubles; in 12 years you are looking at a fund that is K25 billion. With that comes challenges about where we invest.'

David Brown, Chief Investment Officer of Nasfund, says it, too, has challenges related to its growing size.

'We are very large investors in the context of PNG in terms of complexity, the size of deals. The sort of things that we see in the PNG context are every bit the same as in Australia or New Zealand.'

Both executives says that the minimum investment they

Nasfund is an investor in poultry producer Mainland Holdings.

would consider is about K30 million. Sayer says his fund has an orientation towards growth assets of 56 per cent—lower than in Australia, where the average is about 65 per cent.

'Currently, we have about 15 per cent offshore in equities; we have nothing offshore in fixed interest. We have 36 per cent in fixed interest, so we are certainly supporting the government. We have almost 10 per cent in cash, so we are looking for opportunities to invest. We hold about 14 per cent in property, and about 9–14 per cent in private equities.'

Sayer added that it is 'hard to go into equities, listed and private'.

Outsourcing

Whereas the typical Australian super funds have about 90 per cent of their assets outsourced to fund managers, who invest in liquid markets, Brown says the obverse applies in PNG. 'About 90 per cent we do ourselves,' he says. 'It is more satisfying.'

Brown says Nasfund garners a high yield on its investments. 'The yield from our real estate portfolio would have any Australian chief investment officer salivating. But we have changed our strategy, we have focused on high occupancy and that requires a certain product—so we are trying to improve.'

Sayer says PNG's recent foreign exchange restrictions can impede the fund's ability to buy local companies because often they are foreign-owned and the sellers want to repatriate the funds offshore.

Both fund managers say when they seek to buy PNG companies, they look to bolt it on to another company so that the acquired company becomes part of another business.

The greatest issue, they acknowledge, is finding investments of sufficient scale in PNG. 'We have to have fairly large deals,' says Brown. 'We are kind of outgrowing the local market, in a sense.

'We would love to see a vehicle that would aggregate small investors. We are speaking to government about it. I think there is a lot of capital in the economy, but it is in stagnant pools. We would like to be able to mobilise that.' ◆

The Antelope natural gas site, to be operated by Total.
Credit: Total

The next LNG giant

Papua LNG, Papua New Guinea's next major LNG project, is getting closer.

By Kevin McQuillan

Production from the Papua LNG project in Papua New Guinea could start in 2024 according to Jean-Marc Noiray, Managing Director of Total E&P PNG. The French super major Total will look to have a final gas agreement with the Papua New Guinea government by March 2019.

In November 2018, Total signed a memorandum of understanding with the Government. Patrick Pouyanné, Chairman and CEO of Total described it as an 'important step', adding that investing in LNG is a 'long-term' enterprise.

'Total, being the second-largest private LNG player in the world—we are fully committed to the success of the Papua LNG project, which benefits from a favourable geographical location close to Asian markets.'

Total is the operator of the Elk and Antelope onshore fields; it is the largest shareholder in PRL-15 with a 40.13 per cent interest. ExxonMobil and Oil Search are partners. There is believed to be significant exploration potential in nearby formations.

Noiray says Total is looking to start a conclusive engineering study in the second quarter of 2019 and to make a final investment decision before 2020. 'We sometimes call it a "deep onshore operation", meaning it is so remote in pristine jungle. The challenges are enormous from a logistical point of view and an environmental point of view. We have to respect the environment in which we work. The most important thing is the relationship with the communities and land owners.'

Confidence

Noiray says the appraisal drilling conducted on the Elk and Antelope fields in Gulf Province is now complete, and Total is 'now pretty confident' that the sites will 'feed, over a 15 years plateau, 5.4 million tonnes per year' of LNG production.

'We have done a lot of work in our studies. We have completed the pre-FEED [front end engineering and design] studies, which are a lot more advanced than is usual. We have done a lot of exhaustive surveys trying to anticipate the challenges that are coming: from the logistic point of view, the topographic issues and the poor soil quality.

'It was important to understand the navigability. Most of the reserves are at Antelope, actually. One of the most challenging parts of the construction will be the onshore pipeline, which is 60 kilometres.' Noiray says Total will be joining forces with the PNG LNG project to 'create synergies.'

Pouyanné told the APEC CEO summit in Port Moresby that natural gas and renewables-based electricity will be 'at the core' of energy supplies in the future. 'It is a mistake to avoid all energy [sources]. We need all of them. For example, there are not yet replacements for hydrocarbons which provide the intensity of heat required for heavy industries like steel, cement, and many chemical processes.

'When we look to the future, there are two energies which will be at the core of the evolution, the energy landscape. One will be natural gas. Why? Because it is clean. It emits half as much carbon as coal.' ◆

Good prospects

Papua New Guinea's LNG industry appears to have a rosy future.

By David James

Papua New Guinea's LNG industry is looking strong. Exports are expected to more than double over the next 10 years, as a result of planned expansion works. The PNG LNG project is due for a three-train expansion over the coming years, as ExxonMobil, Total and Oil Search pool their gas resources together. The plan will see PNG LNG's export capacity expanded to 16 million tonnes per annum (mtpa) at an estimated cost of US$13 billion.

According to Fitch Solutions, a subsidiary of Fitch ratings agency, PNG is Asia's fourth largest LNG exporter and on track to surpass Indonesia by 2019. Raphael Mok, Senior Country Risk Analyst with Fitch Solutions, says PNG has low cost, high quality gas and easy access to a number of high-growth gas demand markets in the region.

'PNG remains the subject of intense investment interest to international oil companies,' he says, noting plans to further develop the P'nyang, Elk-Antelope and Western Province gas fields.

The possible standalone Western LNG project is 'less certain', says Mok. Horizon Oil and China's Balang International are considering a proposed 1.5 mtpa LNG export project off Daru Island. Feed gas is likely to come from the combined assets of the two firms in the Western Province, including the Stanley, Elevala, Ketu, Tingu, Puk Puk, Weiman, Douglas and Langia fields.

Demand from the Asian region for natural gas will ensure that PNG's LNG industry remains robust in the medium term, says David Lennox, Resource Analyst for financial services firm Fat Prophets. 'The Asian region is very short of energy sources. PNG is one of the first movers. It is well established and successfully operating.' ◆

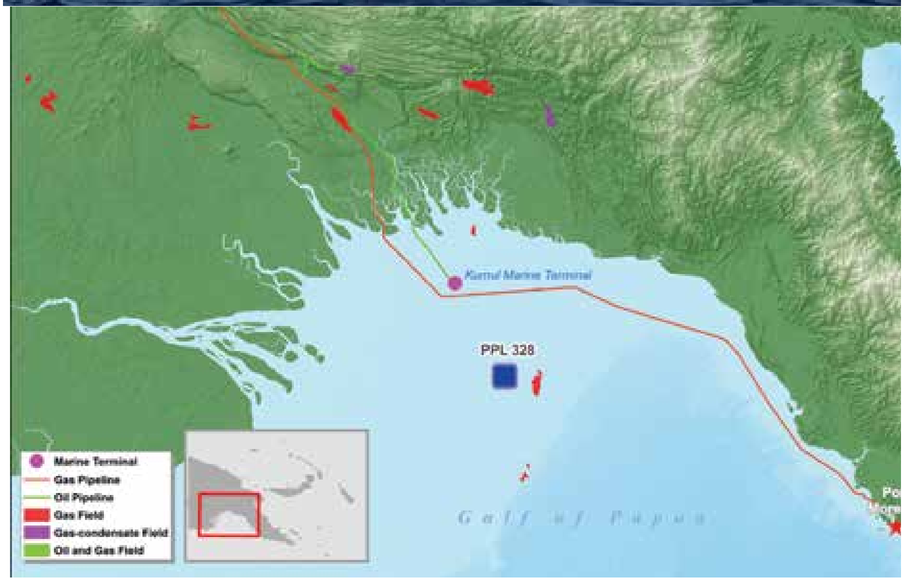
PNG's Petroleum Industry Trends

Indicator	2016	2019	2022
Petroleum Exports Receipts (K mill)	11,022.6	15,971.41	23,142.07
Government Revenue from exports (K mill)	21.9	185.2	183.63
Crude Oil Exports Value (K mill)	1,253.8	1,190.0	1,100.0
LNG exports (K mill)	8,188.9	11,000.0	15,000.00
Number of petroleum licences	N/A	6	13

Source: Medium Term Development Plan

A jack-up drilling rig and map of the Pasca A gas field. Credit: Twinza Oil

Offshore gem



Twinza Oil is getting closer to producing gas from the Gulf of Papua.

By David James

The Pasca A gas condensate field, a carbonate pinnacle reef in the Gulf of Papua, is not a new find. It was discovered in 1968 but it has lain dormant because there has been no commercially viable development solution. But Singapore-based Twinza Oil looks set to change all that. Improvements in drilling efficiency, production technology and development engineering have made the discovery technically and financially viable.

Managing Director, Huw Evans, says the site is about 70 minutes from Port Moresby by helicopter, and 14 hours by boat. It is 120 km from Western Province and 90 km from Gulf Province. The reserve is in 93 meters of water, considered a shallow-to-intermediate depth. The area is highly prospective.

'We are surrounded by two trillion cubic feet of discoveries,' says Evans. 'It is well overdue for development and it is not the only one. There are a number of other gas fields that are available for development. With our infrastructure, hopefully we will be the catalysts.'

Evans says the aim is to move to first production in 2021. 'It is a very simple and straightforward field development because we can very clearly see our target under the ground. That is different from onshore, which is challenging because of the seismic issues.

'It is a fantastic reservoir (which will have) high production performance. One of the characteristics of PNG, which is very favourable for development, is the extremely high flow rates that we have in the individual wells.'

Evans says the company is close to agreeing terms for a gas agreement with the Government. Twinza has completed planning for installation work, environmental impact statements, concept engineering through to pre-FEED [front-end engineering design], tendering for all of the major components of the facilities, a macro-economic impact study, a field development plan and a local content plan. Evans says there are no land ownership issues because the site is offshore, but the company is negotiating with government about how best to distribute the benefits.

> IT IS A VERY SIMPLE AND STRAIGHTFORWARD FIELD DEVELOPMENT BECAUSE WE CAN VERY CLEARLY SEE OUR TARGET UNDER THE GROUND.

'We will be producing 220,000 tonnes of LPG (liquefied petroleum gas) annually—20,000 barrels of liquid per day—which will be roughly 55 per cent condensate and 45 per cent LPG. It will be stored on the offshore vessel and then taken either into the domestic market or for international sales. Currently, the LPG in PNG is imported. We are looking to put as much LPG as we can into PNG at lower prices, targeting diesel replacement wherever we can.

'Because we return production rates so quickly the cash flow is very high, so the return to the government is almost immediate. They get tax revenue and royalty revenue virtually immediately and Kumul Petroleum as a partner have an equity stake in it as well. So there is a very good return to the state at relatively low cost.' ◆

ExxonMobil hoping for 'new chapter' in LNG production

A senior executive at one of the world's biggest petroleum companies has some bullish predictions for PNG.

Neil Chapman, Senior Vice President of ExxonMobil believes that LNG capacity in Papua New Guinea could double. Speaking at the Asia-Pacific Economic Co-operation in Port Moresby, he said ExxonMobil is talking with the government about a three-train expansion at its LNG plant: from two to five.

'This will involve several partners and will roughly double LNG capacity from Papua New Guinea. I'm hopeful that, with support of the government, we can come to an agreement on terms soon and together move forward on a new chapter in PNG's energy story. There's no question about the appetite for LNG throughout Asia being strong.'

LNG shipment
Credit: Oil Search

Chapman believes the Asian region is entering a 'Golden Age for gas', and that PNG is 'well positioned to benefit'. But he cautioned that although the country's resources are 'abundant', they are not easily accessible.

'Every shipload of LNG that sails from Port Moresby represents opportunity and enhanced energy security for the dynamic economies of this region.

'Over the next couple of decades, about half of the world's economic expansion is expected to take place right here in Asia.

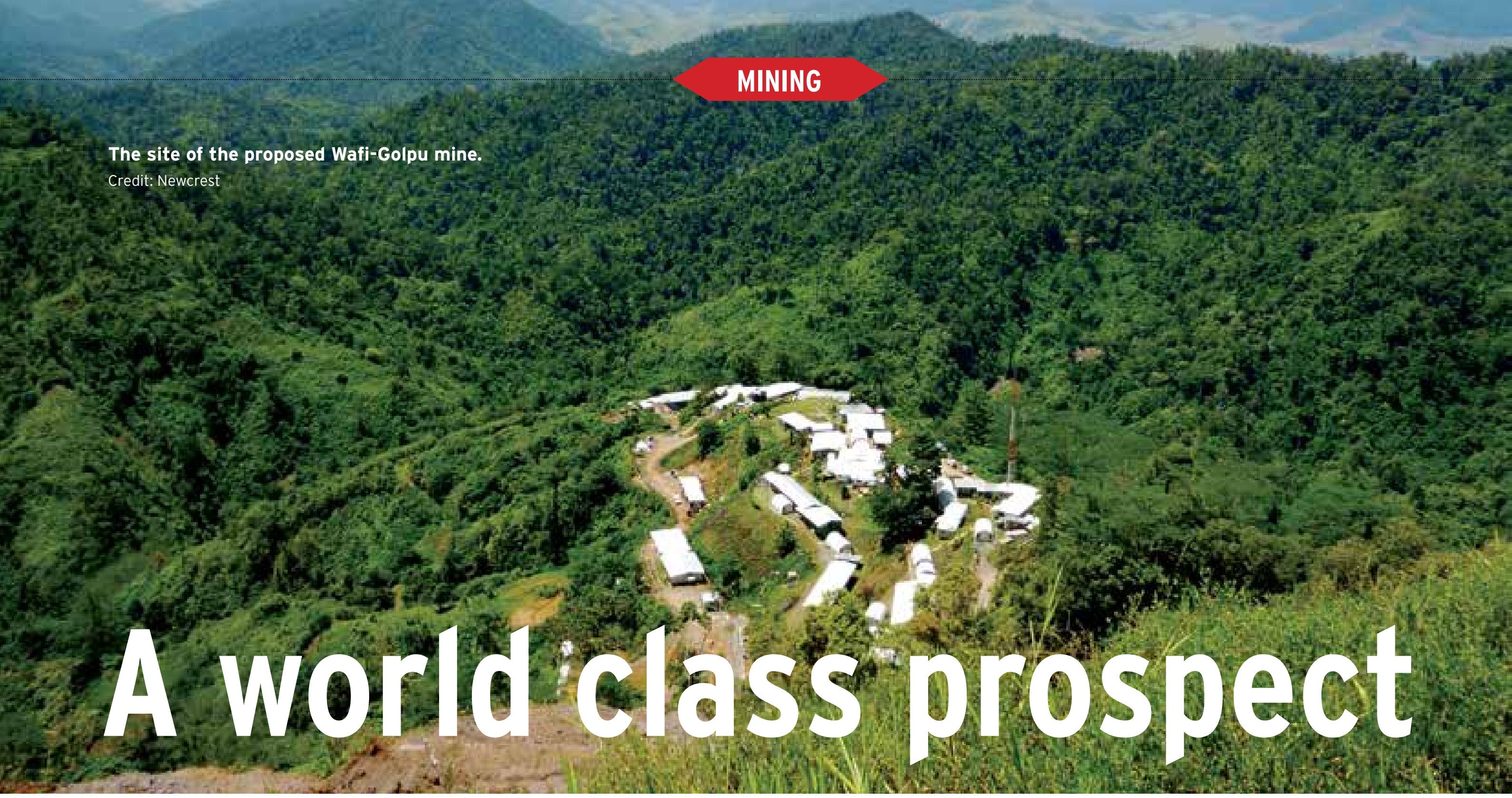
'When natural gas is used for electricity generation it produces up to 60 per cent fewer greenhouse gas emissions.

'Helping fuel that engine will be abundant, cleaner-burning natural gas, some of it shipped from here in Papua New Guinea to the markets throughout the Asia-Pacific.

'Substituting natural gas for coal in power generation provides an immediate, large-scale and cost-effective option for making significant progress in lowering the global emissions while improving air quality.' ◆

Economic map of Papua New Guinea

BusinessAdvantage
INTERNATIONAL
www.businessadvantagepng.com
PAPUA NEW GUINEA 2019
Kavieng
Simberi
Lihir
NEW IRELAND
Gold, marine products, forestry, palm oil, cocoa, copra
Namatanai
Solwara
Rabaul
EAST NEW BRITAIN
Cocoa, copra, forestry, gold, organic spices
Hoskins
WEST NEW BRITAIN
Palm oil, forestry
BOUGAINVILLE
Copper, cocoa, copra
Kieta
Solomon Sea
Woodlark
Alotau
MILNE BAY
Copra, coffee, cocoa, spices, marine products, gold, forestry, palm oil
Coral Sea
Mining Projects
Operating Mine
Mine Under Development
Possible Mine
Large Scale
Medium Scale
Small Scale
Petroleum Projects
Oil Project
Gas Project
Possible Oil or Gas Project
Oil Export Pipeline
Gas Pipeline



The site of the proposed Wafi-Golpu mine.
Credit: Newcrest

A world class prospect

The proposed Wafi-Golpu mine is getting closer to realisation.

By David James

The Wafi-Golpu mine, located in the Morobe Province of Papua New Guinea, 65 kilometres south-west of the port city of Lae, is getting closer to becoming a reality. A feasibility study update was completed in March 2018, and an environmental Impact Statement in June 2018.

This was followed by the signing in December of 2018 of a memorandum of understanding (MOU) between the PNG Government and the joint venture partners, Newcrest Mining and Harmony Gold.

The project is owned by the Wafi-Golpu Joint Venture (WGJV), an equal joint venture between subsidiaries of Newcrest and Harmony. Referred to as the Morobe Mining Joint Ventures, it is considered a world class porphyry deposit, estimated to contain 26 million ounces of gold, 8.8 million tonnes of copper and 48 million ounces of silver.

Newcrest Managing Director and Chief Executive Officer, Sandeep Biswas, says the MOU outlines the parties' joint understanding of the terms and the project timeline.

> ‘THE POTENTIAL ANNUAL REVENUE FROM WAFI GOLPU IS EXPECTED TO EXCEED EVEN LIHIR.’
>
> Craig Jones

‘As a result of entering into the MOU, the WGJV is completing approval processes to commence a substantial work program, including establishment of underground access for further drilling of the Golpu deposit and the construction of a bridge over the Markham River, which is an integral feature of the proposed new Northern Access road from the Highlands Highway to the mine site,’ says Biswas.

He welcomes Kumul Mineral Holdings' proposed involvement in investing in the project. ‘This project has the potential to open a new chapter in our long-term commitment to the people of PNG. We want to partner with PNG for many decades to come.’

The project, should it go ahead, will require significant upfront capital. It is estimated that K16.7 billion will need to be invested over the life of the mine, according to Craig Jones, Executive General Manager Wafi-Golpu at Newcrest Mining.

‘The potential annual revenue from Wafi Golpu is expected to exceed even Lihir when it reaches peak production, with average free cash flows projected to be around US$900 million (K2.92 billion) per annum,’ he says.

The project is expected to be rolled out in stages, targeting its first production from Blockade 1, which is located 980 metres below the surface. The aim will be to mine the high grade ore body first to generate cash flow to support the construction of Blockade 2, a bigger ore body located 680 metres below Blockade 1.

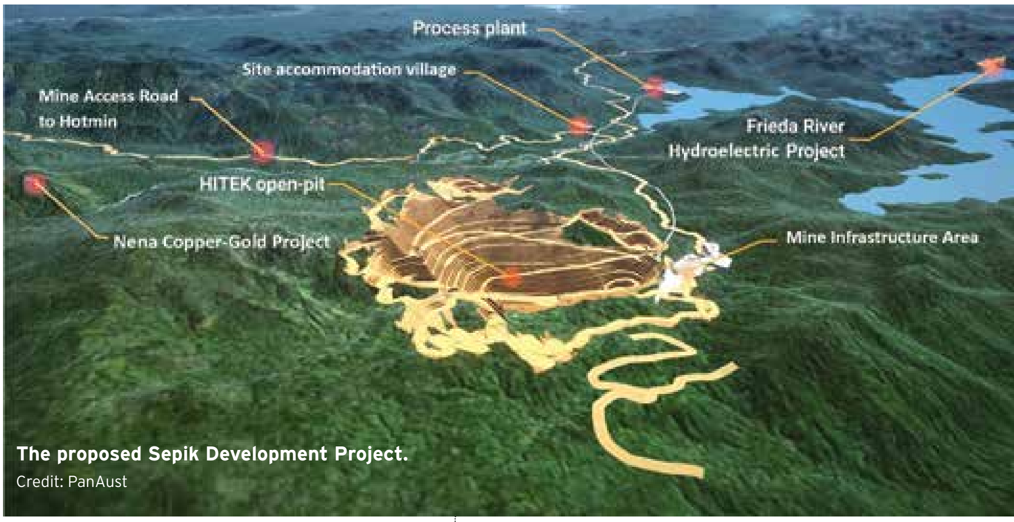
The project will require reliable low cost bulk power supply, a stable low outage, an electricity transmission system and new access roads from the Highlands Highway to the mine site boundary.

Biswas said the project will also help to unlock the agribusiness potential of Morobe Province.

‘We are already working with around one thousand cocoa-growing families, and we see this as just the start of a thriving agricultural industry which will be enabled by the presence of the mine.’ ◆

More than a mine

Plans for the Frieda River gold and copper mine have become more ambitious



The proposed Sepik Development Project.
Credit: PanAust

Establishing a gold and copper mine in Frieda River in Western Province was always going to be a daunting prospect given the area's remoteness and lack of infrastructure.

The solution? Turn it into a large scale development project that involves much more than mining. That is the plan of the Frieda River Joint Venture company, which was initially a joint venture between Frieda River Limited, a PanAust subsidiary company, and Highlands Frieda Limited, a subsidiary company of Highlands Pacific. (Highlands Pacific was acquired by Cobalt 27 Capital Corp in January 2019.)

The project has been renamed the Sepik Development Project. It will require an estimated initial capital investment of US$8 billion (K26.5 billion). That would make it the second largest investment in Papua New Guinea, after the PNG LNG project.

There is a projected mine life of 33 years (revised up in 2018 from 17 years), and a pathway to extend this to 45 years with average annual production rates of 175,000 tonnes of copper and 230,000 ounces of gold.

That is just the mine. The aim is to establish a hydroelectric power facility with a generation capacity of up to 490 MW to supply both the mine and external customers. The installation of a regional power transmission line from the hydroelectric facility is also planned.

> THERE WILL BE A MAJOR INVESTMENT IN INFRASTRUCTURE.

There will be a major investment in infrastructure, including an upgrade and expansion of the port of Vanimo, an upgrade of a 188 kilometre road south from the port of Vanimo on the northern coast of PNG to Green River, and construction of a further 221 km road from Green River to Telefomin, including a 350m bridge over the Sepik River.

This will enable access to the mine site and the hydropower station.

Critical enabling infrastructure (an upgrade of the port of Vanimo and a public road from the port to Hotmin) is estimated to cost US$500 million (K1.7 billion) and will be funded by third-parties and shared with other users in the region.

The project is expected to provide employment for approximately 5000 people during construction and 2100 personnel during operations. It is expected to create 30,000 indirect employment opportunities.

Peter Trout, Executive General Manager Technical Support and Studies for PanAust describes it as a 'complex undertaking by virtue of the various dependencies.'

The project is structured to attract funding from equity investors, financiers and export credit agencies, according to PanAust.

Total tax, royalty and production levy revenue to the state and landowners is estimated to be K29 billion. ◆

Promise of gold riches finally realised

The long-understood potential of the Kainantu mine is coming to fruition.

By David James

Canadian miner K92 is ramping up its operations at its Kainantu mine. Chief Executive, John Lewins, says that the company is profitable and anticipating a mine life of over 15 years.

It has been a long time coming. The mine was bought by K92 from Barrick Gold in 2015, and the focus was initially on restarting mining operations on the Irumafimpa ore body. The expectation in the previous owners' original design was that this would yield about 20 grams of gold per tonne of ore, but it was closer to 8.5 grams.

'It was still pretty good but, when you are expecting 20, it is not so good. It was recognised that this ore body was also relatively difficult mining in terms of narrow veins, clay and other technical issues. It was therefore the intent of K92 to bring the previously unmined Kora ore body into production.'

In mid-2017, K92 drilled the first diamond drill hole from underground, looking for an extension. Attention then turned to the Kora ore body, closer to the existing underground workings. It proved to be more prospective—and ultimately profitable.

Lewins says the initial discovery hole had yields of 11.7 grams of gold per tonne, 25 grams per tonne of silver and 1.2 per cent copper.

'We developed out to this extension area, designated "Kora North" and mined a bulk sample which was treated through the existing process plant in October 2018. We got 92 per cent recovery of copper and gold from that sample.

> WE ARE LOOKING AT A 15-20 YEAR LIFE FOR AN EXPANDED OPERATION TREATING 400,000 TONNES PER ANNUM AND PRODUCING OVER 100,000 OUNCES PER ANNUM.

'So we switched our mining to basically focus on Kora and in January of 2018 we were 100 per cent Kora.

'At the end of January 2018 we declared commercial production and made a profit.

'The first quarter for 2018 was profitable, the second quarter was profitable, and the third quarter is definitely positive cash flow. So for 2018 we will make money.'

Costs

Lewins says K92's cash costs are 'running at around' US$560 an ounce.

'All in sustaining costs, bearing in mind that we are developing a brand new mine effectively underground, is estimated to be below US$800 an ounce.

Lewins says the original Kora deposit contained an estimated resource of at least 1.65 million ounces of gold.

Kora North is estimated to have an additional 1.13 million ounces.

'We are looking at a 15–20 year life for an expanded operation treating 400,000 tonnes per annum and producing over 100,000 ounces per annum.

'We are planning an expansion that will cost about US$15 million to double throughput.'

Lewins says the company will conduct a preliminary economic assessment by the third quarter of 2019, and expects to have an estimated total resource of five million ounces (including Irumafimpa). ◆

Kumul Minerals' critical role

Papua New Guinea's mining sector is mature and respected.

Papua New Guinea rates ahead of several Australian states for attractiveness to investors. Gavin Wendt, Founding Director of resource analysts Minelife says PNG's standing is good internationally. He says that mining projects in PNG 'are not exceptionally difficult' compared with many other countries.

'There are certainly opportunities in PNG, but companies always look for much bigger, higher grade, more commercial projects to justify the risks,' observes Wendt. 'In the last five-to-10 years, the political situation has settled down.'

Kumul Mineral Holdings (KMH), the entity that holds mining assets on behalf of the state, can take up equity in projects. Peter Graham, Chairman and Independent Director of KMH) says KMH will be looking to make some big plays, potentially taking large stakes in proposed new projects.

'We are preparing to invest in some of the more attractive mining investments that we see coming up: most notably, Wafi-Golpu and possibly Frieda River as well. Kumul Minerals has the right, if not the obligation, to invest up to 30 per cent equity based on the payment of past costs and obviously a share of future costs in project development. They are world-class resources and they will certainly stand on their merits.'

Wendt believes the interest shown by KMH is critical. 'I think companies always like to see government involvement in projects and it is probably better to have them involved right from the start. So long as it is done on commercial terms. If the costs are shared on a reasonable basis, it advantages the company.' ◆

A K11 BILLION INDUSTRY

Most of Papua New Guinea's operating mines are located in remote regions of the country. These include: Ok Tedi, Porgera, Ramu Nickel, Hidden Valley, Tolukuma, Simberi, Lihir and Kainantu. According to the government's *Medium Term Development Plan*, mineral exports rose from K8.95 billion in 2016 to a projected K9.45 billion in 2018. The target is to have K11.04 billion in 2022. Government revenue from the industry is expected to be K183.36 million in 2018, and it employs 18,380 people. There were 292 mining operations in PNG in 2018, including alluvial mining. There were nine final investment decisions pending and 188 current exploration licences.

The Big Papua New Guinean

Ok Tedi dominates the nation's mining sector.

Ok Tedi is Papua New Guinea's biggest mine, and its performance has repercussions throughout the economy. Since starting operations in 1984—it is 50 years since the initial discovery of the resource—Ok Tedi has produced 4.75 million tonnes of copper, 14.6 million ounces of gold and 31.4 million ounces of silver.

According to Chief Executive Officer Peter Graham, the total net revenues from copper, gold and silver concentrate is about K55 billion.

'Over that time Ok Tedi has paid K9 billion kina in taxes, and K10.4 billion in benefits and compensation to the provincial government and impacted land owners,' he says.

'Since 1984, Ok Tedi has contributed on average almost 8 per cent of PNG's annual Gross Domestic Product.'

> SINCE 1984 OK TEDI HAS CONTRIBUTED ON AVERAGE ALMOST 8 PER CENT OF PNG'S ANNUAL GROSS DOMESTIC PRODUCT
>
> Peter Graham

Graham says the company has gone 'back to the basics' updating its operating models, developing new approaches to assessing the grade (value) of its deposits, optimising and revising the pit shape, and developing new ways of analysing strategic options.

'We explored more than 4500 different scenarios and analysed each of those cases.'

Between 2013 and 2018 the company increased production by 68 per cent, increased the amount of ore processed by 10 per cent and reduced gross costs by 22 per cent.

'We have more than our fair share of challenges. Particularly those related to the physical environment, which make operations on a day-to-day basis quite complex. We have complex geotechnics (analysis of the geology), seismicity and heavy rainfall.

'But Ok Tedi is blessed with a very good ore body, supportive shareholders, and a committed workforce.

'With a mineral resource of 782 million tonnes, only 235 million tonnes, or 30 per cent, has been scheduled to reserves, which is unusual in the mining context.'

The company's net present value rose sharply between 2015 and 2018.◆

Self esteem is back

PNG Power workers Credit: PNG Power

The acting Managing Director of PNG Power is setting ambitious targets.

By David James

Carolyn Blacklock, acting Managing Director of state utility PNG Power, says the money that will come from the Papua New Guinea Electrification Partnership, established at the 2018 Asia-Pacific Economic Cooperation meeting, will greatly assist the roll-out of electricity. She says PNG Power has sharply increased the number of connections and will concentrate on hydropower.

The Papua New Guinea Electrification Partnership has been struck with Australia, Japan, New Zealand and the United States. It has the goal of connecting 70 per cent of the population to electricity by 2030. (Currently only about 13 per cent of Papua New Guinea's population have reliable access to electricity.)

'What it says is: if you have good governance, they will back you,' Blacklock told business leaders. 'The PNG Electrification Partnership is not loans; it is not tied aid.

'It is real money, starting with US$45 million from January in 2019. We don't have to go through hoops. We will procure, and they will come and check we have done the connections. Then they will give us the money. It is that simple.'

Blacklock says the development of PNG's electricity grid tends to be implemented piecemeal 'with district money'. It means new funding continuously has to be found.

> WE NEED TO THINK OF OURSELVES AS THE INSTITUTION THAT UNDERWRITES THE FUTURE OF OUR COUNTRY.
>
> Carolyn Blacklock

'This is admirable, but it is not going to get up the development of PNG that we need. This Electrification Partnership stops PNG Power from having to borrow money. We can't afford the K3.6 billion price tag to electrify our country.

'We also do have a challenge in that when we do need to spend our money, we need to make sure we reduce the tariff [to customers]. We can only increase the number of customers on the grid by half before people stop being able to afford it.

'If you are a subsistence farmer, you cannot afford it. We will be able to connect you, but that line will remain un-energised. We have to bring this tariff down. So we are going to spend our money on making sure we are becoming super efficient in our power generation.'

Connections

Blacklock says PNG Power has been doing about 2500 connections a year for the ten years to 2017. In 2018, the figure was to rise to 19,000. 'In 2019, we are going to set ourselves a target of 30,000 connections. We are going to do that across the country'.

Blacklock says PNG Power is supplying more power to Harmony Gold in Hidden Valley and has also increased supply to Mainland Holdings. The company is negotiating with Newcrest over the Wafi-Golpu mine. 'With a blended tariff, it is probably going to be in the order of six US cents a kilowatt hour cheaper than what they can do.'

Blacklock says the company has also been concentrating on re-establishing its low cost hydropower installations in Lae. ◆

Solar lighting for a night market.
Credit: Michael Power

TAPPING INTO THE SUN

It is essential to use low cost solar power to expand access to electricity.

By Kevin McQuillan

Improved access to finance could lead to the rapid development of solar power, according to Jon Pittar, Managing Director of solar provider, Solar Solutions PNG. If the government is to achieve its energy goal of giving access to power to 70 per cent of the population by 2030, he believes solar-powered systems must be provided to rural communities.

Pittar says the cost of laying the wires for a fully-operational grid is in excess of K100,000 per kilometre. It then costs up to K2400 to take the power from source to the houses, and then people have to pay for a meter. Then they have to pay for power.

Historically in PNG, mini-grids have not been successful and are an expensive option because a fault in the system will affect all users. But if a problem occurs with individual housing units it only affects that one unit and is easily repaired, according to Pittar.

'We have to recognise in PNG that a large portion of the community aren't going to be able to pay for power, so if we want to assist them to get better outcomes for health, better outcomes for education, they need to be provided home lighting systems in order to assist in their economic development.

'You give a community lighting and communication and that community is going to develop. So in five years' time, 10 years' time, there is going to be a demand for 240-volt power and mini-grids. But you've got to help give them a kickstart.

A difficult but rewarding build

Digicel has invested heavily in PNG and the rewards are there.

By David James

When Digicel founder Denis O'Brien first visited Papua New Guinea, he says he was 'quite taken' by the country. He says Digicel, which has become PNG's biggest mobile telephony company, has since invested US$850 million (K2.87 billion).

'We launched in 2007. It was our most challenging network build because the (electricity) grid does not go everywhere. We have 1100 towers, of which only about 300 are on the grid. We have to fuel our towers and provide fuel with helicopter drops every week. So, from a build point of view, it was the most difficult network that we have done.'

O'Brien says he was pleased to find a 'depth of management ability and capability' in PNG.

'There were some first class companies that had spent a lot of money on training management, so we were able to attract management very quickly. The other thing we found is that only about one or two per cent of people had a phone, so there was a real need and an under-served market.'

Digicel delivers 80 per cent coverage of the country, he says, but the challenge is knowing where to build the network and where to focus

FROM A BUILD POINT OF VIEW, IT WAS THE MOST DIFFICULT NETWORK THAT WE HAVE DONE.

Denis O'Brien

capacity—especially with a population that is on the move.

'We used to hire small Cessnas and photograph the countryside because we wanted to know where communities were moving to during the build of the LNG pipeline. It was a way of trying to be accurate and working out where we would actually build that coverage.'

'There is risk in every country. But I think all the risks you see in Papua New Guinea are very manageable.'

Plans

The Regional Director of Digicel Pacific, Paul Statham, says the company has 'aggressive' plans to expand its offerings when the submarine fibre cable from Australia to PNG is built (see opposite). He believes the Coral Seas cable will bring

> DIGICEL PLANS TO INTRODUCE CLOUD SERVICES, WHICH WILL REDUCE I.T. OVERHEAD COSTS BY MORE THAN A THIRD, IMPROVE FLEXIBILITY AND INCREASE QUALITY.
>
> Paul Statham

sharply lower prices, pointing to his experience in Kenya, where costs of data fell by almost 99 per cent after a submarine cable was put in.

But he warns that it is only one step. 'Unless it is distributed across the nation, it is of no real benefit unless you live in Port Moresby—and even then, when internet capacity improves and prices fall, demand just increases and increases. We have very aggressive plans to build out metro fibre across the major towns and conurbations of Papua New Guinea, leveraging our network.'

Speaking at the 2018 Papua New Guinea Investment Conference in Brisbane, Statham said Digicel plans to introduce cloud services, which will reduce IT overhead costs by more than a third, improve flexibility and increase quality. The company is investing around US$10 million (K32.84 m) in hardware that will allow businesses to access cloud services.'

Statham believes PNG has an opportunity 'to leap the technology curve' because it does not have some of the 'legacy infrastructures that more mature economies have had.' The company has a 92 per cent market share, in retail and business-to-business.

'That market share has really come from the courage and the investment in the towers and the building of the network quicker than anybody else. At least 10 per cent of our towers are only accessible by helicopter. The [rest] tend to be very difficult to get to for a variety of reasons. There are very complex social arrangements, particularly around landlords—but Digicel has done it.' ◆

A telecommunications revolution

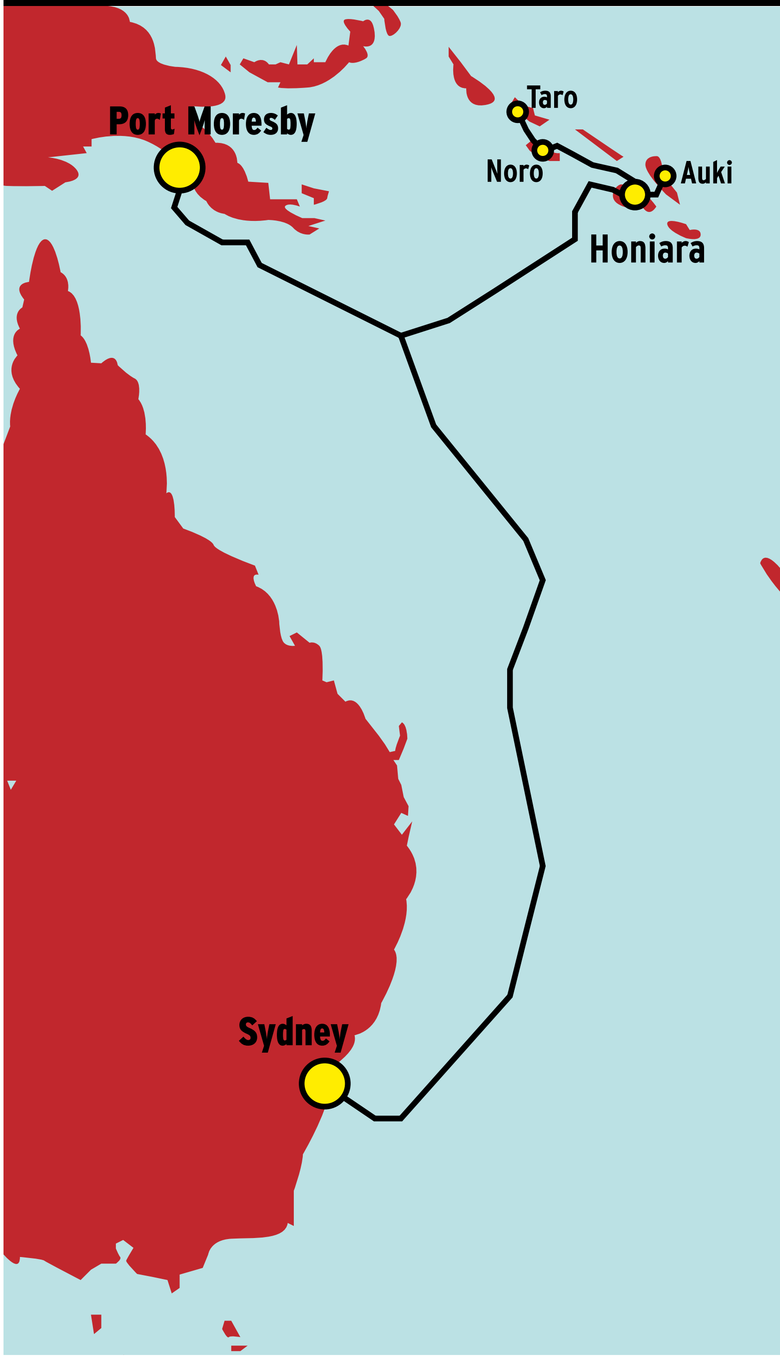
A fibre optic connection between Sydney and Port Moresby will be transformational.

By David James

The Coral Seas Cable System—the undersea cable to be laid between Sydney and Port Moresby, and then to the Solomon Islands—will transform telecommunications in the two Pacific countries. Here are the answers to 10 key questions about the project.

1. **What is the state of the current cable between PNG and Australia?**
   Cables generally have a life span of 25 years. The current connection is coming to the end of its useful life and has very limited capacity. It would not be able to meet the demand predicted for the next 25 years.
2. **When will the new cable be up and running?**
   The 40 Tbps (terabits per second) cable system (nickname: CS²) is expected to be finished and operational by December 2019. The cable will have four fibre pairs, about the width of a human hair each. 20 Tbps capacity will go to PNG, and 20 Tbps will go to the Solomon Islands.
3. **What is the cost?**
   It has been valued at A$136 million (K324 million).
4. **How will it change capacity?**
   The cable has a technical maximum capacity of 10 terabytes per second, which is about 1000 times current capacity.
5. **What are the stages of construction?**
   A marine survey will define the precise route that the cable will traverse. Terrestrial construction activities will take place, including building the cable landing stations in order to connect it to domestic infrastructure in PNG and the Solomons. The cable itself will be manufactured in Calais, France, then shipped and installed towards the end of 2019. The installation in PNG will only occur in the last three months of the project.
6. **Where will it be connected to Papua New Guinea?**
   The landing site will be Kila Kila in Port Moresby. The undersea cable will be dragged up to the shore and then connected to a cable station that will be built on top of the cliff. The land is currently owned by the Royal PNG Constabulary.
7. **Which organisations will be involved?**
   State-owned PNG DataCo and its parent, Kumul Telikom, will be involved on the PNG side. Vocus Group has been selected to manage the delivery. The work to build and lay the cable has been subcontracted to Alcatel-Lucent Submarine Networks, while Telstra will provide the facility on the Australian mainland. Vocus has form: it built a 2100 km cable to connect Darwin to Port Hedland, and is working on a 4600 km cable to connect Perth with Jakarta and Singapore.

The proposed Coral Seas Cable system.



8. **What are the funding arrangements?**
   It is majority-funded by the Australian Government: on a two-thirds, one-third basis. The funding only applies from the Sydney hub to Port Moresby and the connection to the Solomon Islands. It does not include the cost of the on-shore network in PNG.
9. **Who will own it?**
   The revenue that is generated through the cable system will be 100 per cent owned by PNG and the Solomon Islands. They will own, independently and separately, the right to the data that is generated through the cable.
10. **What will happen with the onshore connections?**
    China's Huawei will build the domestic internet network, which will connect to the undersea cable. The cable will run between Port Moresby, Alotau, Popondetta, Lae and Madang. ◆

Freight lift off

New scheme will help exporters

By Sarah Byrne

Air Niugini Cargo, a subsidiary company of Papua New Guinea's national airline, Air Niugini Limited, is providing a 50 per cent discount on the freight costs of exporting PNG goods. The company is hoping to incentivise farmers and Papua New Guinean businesses according to ANCL's General Manager, Gus Kraus.

'We see these discounts as playing an important role in providing a much needed incentive to support farmers and exporters.'

The goods include Papua New Guinean-made agriculture products such as coffee, chocolate, vanilla, root crops including kava, coconut oil and some developing fruit and vegetables (seafood is excluded).

ANCL has capacity out of Port Moresby on its Boeing 767 aircraft and, as a result, has been reviewing ways to fill the under-utilised space while also assisting exporters, Kraus explains.

Traders of commodities currently taking advantage of the offer are dealing in coffee and cocoa, chocolate and cocoa powder as a finished product.

'A consistent and coordinated approach to marketing will benefit all local exporters and enhance the Papua New Guinean brand,' says Kraus.

Air Niugini Cargo team Credit: Air Niugini

FLIGHTS FOR DIFFICULT TERRAIN

PNG has a relatively well-developed air services system, which is essential given its topography and isolated pockets of population. There are currently 22 national airports owned and managed by National Airports Corporation with an estimated 650 rural air strips—of which more than half are closed or unusable. One hundred and twenty have been rehabilitated and are in use under the administration of the Rural Airstrip Agency.

On the move

Papua New Guinea's ports are being relocated or upgraded.

Motukea Port in Port Moresby.
Credit: PNG Ports

THE GOVERNMENT WILL FOCUS ON DEVELOPING A SEA TRANSPORT SYSTEM THAT IS EASILY ACCESSIBLE BY THE RURAL MARITIME POPULATION.

By Kevin McQuillan

Over the next five years the Government will focus on developing a sea transport system that is easily accessible by the rural maritime sector. The ambition is to create a major trans-shipment hub in the Pacific that serves as a crucial bridge between the growing Asian economies and the Pacific.

Especially important is the expansion of the Lae port, PNG's busiest. This is expected to be completed in late 2019 according to PNG Ports Corporation Managing Director, Stanley Alphonse. The K350 million project will include the greater Lae Tidal Basin Project and the Huon Industrial Park development in Lae. The West Lae Tidal River Basin project will be as big as the recently opened Motukea port in Port Moresby and will complement the Lae container terminal.

The West Tidal Basin is part of the greater Lae Tidal Basin Project and the Huon Industrial Park development.

'The non-containerised cargo will go on the other side, at the Western tidal basin,' says Alphonse.

'It will mean increased volumes and shorter ship turnaround times. That will attract all the wet and dry bulk cargo over the other side [of PNG]. So, there are greater things in store for our main port down in Lae.'

The two parts of the Lae facility will have different shipping operations.

'On the eastern side [completed in 2014], we've got the Lae tidal basin container terminal [in operation]. Cargo volumes are increasing, along with ship sizes. The non-containerised cargo will go on the other side, at the Western tidal basin. If anything, the lesson learnt in this country is that it is always prudent to get it right at the front end, so that we can get all projects done and delivered properly.'

Chairman of PNG Ports Corporation, Sir Nathaniel Poya, believes the ports will increase GDP by 0.1 per cent in 2019, and by 2.69 per cent by 2027.

'About 80–90 per cent of the items in the basket of commodities in the Consumer Price Index are shipped through sea ports,' he says. ◆

EXPANDING PORT CAPACITY

There are 16 operational national ports in Papua New Guinea, of which nine ports handle international cargoes. The government has made investments of over K1 billion in the sea transport sector over the past 10 years. The Lae Port Tidal Basin and the Port Moresby Port relocation were the two major port investment projects.

Banking opportunities

Kina Bank's vision is to be the country's leading digital bank.

By Kevin McQuillan

In June 2018, Kina Bank announced it would seek regulatory approval to buy ANZ's retail, commercial and SME banking business in PNG for K24.2 million. The acquisition will give Kina Bank an additional 15 retail branch premises, 72 ATMs and over 1,800 EFTPOS terminals.

Kina will expand its footprint, becoming the second largest bank in PNG. Its lending market share will increase from 5.8 per cent to 8.8 per cent and its market share of deposits will increase to 9.9 per cent. ANZ, meanwhile, will concentrate on its institutional and large corporate banking.

Chief Executive of Kina Bank, Greg Pawson, describes the move as 'a tremendous opportunity' that is 'very much in line with our current target and strategy to reach the emerging mass affluent segment in retail banking, and commercial and SME customers.'

He says the focus will be on the customer experience. 'That means we're offering innovation in the product space. Our expanding suite of products and services are designed specifically to meet the changing needs of customers.

'Quality, convenience and simplicity are the key themes of our banking proposition. We're building best-in-class digital capabilities that support the growing middle market demographic.

'Customers want to transact digitally—they have smart phones and they're very tech-savvy. We've got the newest core banking system in the market and are the leaders in digital expertise, which means we can drive the technology agenda. And we're not encumbered by old legacy systems that are now out of date.'

Mass retail market

Pawson says the strategy is long-term; more products and services will be provided online. Kina Bank has about 85 separate digital-based projects being developed at the moment.

Kina Bank staff. Credit: Kina

'Some of it is process re-engineering within the company. We want to be digital on the inside as well as digital on the outside. And we're doing a huge amount of work to make sure that, if and when, ANZ customers transition to Kina Bank, it is seamless for them.

'We've found a lot of our systems and processes require some form of manual intervention, which is costly. We completed an upgrade of our core banking system, ICBA; that was quite a significant investment. That enables us to streamline a lot of these operations by performing them digitally.'

> QUALITY, CONVENIENCE AND SIMPLICITY ARE THE KEY THEMES OF OUR BANKING PROPOSITION.
>
> Greg Pawson

Home lending

Pawson sees home lending as a big opportunity.

'Papua New Guineans are buying their first homes. Some are starting to buy investment properties and so forth. We're seeing that trend and it's good.

'You can buy a house for K300,000 to 500,000 and a lot of Papua New Guineans, a lot of our staff here, are well positioned to take advantage of a home loan.'

Kina has recently lowered a Port Moresby or Lae home loan applicant's deposit requirement to 10 per cent. 'A lot of employers now are sponsoring their staff into homes. It's good for retention and it's the right thing to do.'

Kina Bank administers the funds for the two biggest provident funds, (Nasfund and Nambawan Super). Pawson estimates close to 150,000 could qualify for the first home loan grant.

As part of Kina Bank's focus on SMEs the bank is participating in the formation of an equity fund to help businesses that are starved of capital. ◆

A changing finance landscape

Acquisitions and divestments are altering the terrain in Papua New Guinea's finance sector.

By David James

Bank South Pacific, PNG's dominant domestic bank, continues to look outward, expanding its regional footprint with purchases of Westpac operations in Fiji, the Cook Islands, Samoa, Tonga and Vanuatu. In 2018, the bank launched BSP Finance (Cambodia) in Phnom Penh to increase its regional footprint, 'offering not just asset finance but potentially other financial services'. Personal loans and asset financing company Moniplus expanded by opening operations in Lae, Mt Hagen, Kokopo and Alotau. General finance company Credit Corporation also continues to have a strong domestic presence.

Robin Fleming, Chief Executive of Bank South Pacific, says domestic banks have some advantages. 'We are a PNG owned bank and therefore our assessment of PNG risk is based on people who have lived here, in many cases for much of their life.

'Because we're closer to regulators, close to people who make decisions, we have a good insight into how business is operating. We can make a far more informed assessment of the real risk associated with PNG—in PNG. I have no doubt that the country managers for the other banks have probably got a view of PNG risk which is somewhat similar to mine.

Robin Fleming, Chief Executive of Bank South Pacific

'There is no particular market sector we would target that the ANZ or Westpac wouldn't target, it's just they probably find it a bit more difficult to get some of those transactions over the line. BSP as a group is resilient because we've been in a position to have profits coming in from other countries: Fiji, Cook Islands and Tonga. It all adds up.'

Fleming says BSP's market share is 61 per cent; up from 45 per cent five years ago. 'BSP is the only bank, for whatever reason—whether it's legacy, design or otherwise— that is in every province and every district. Whereas other banks choose where they want to operate—that isn't necessarily good for the consumer, nor is it necessarily good if you're looking at it from a GDP, economic growth, perspective.' ◆

The riches of the sea

Papua New Guinea's fishing industry could be a world leader.

By David James

The fishing industry is a sector where PNG has the potential to become a world leader, especially in tuna.

One established company in the sector is R D Tuna. General Manager of R D Tuna Canners, Erwin Ortiz, says the company has managed international risk by becoming vertically integrated, from fishing through to canning. That means it does not need to buy fish from external players to meet its production requirements.

The integration has also partially helped R D Tuna handle its foreign exchange challenges.

'We have to pay in kina and the fishing companies want US dollars. But, now that our fleet is upgraded, we all get our fish from our own fishing group.

'The price of fish greatly affects the company's profit margins. Everything else is manageable but the fish cost is not. You buy more fish when the price is low but when the price is up you have to be very careful. When the price is down, we also expect the buyers from Europe to also ask for a lower price from us.'

The way to deal with the volatility, he says, is to use cold storage to increase inventory.

'What we need to do is stock fish for three months. With that, we can plan well, do forward bookings effectively and be protected from any changes of price.'

Seventy per cent of R D Tuna's revenue comes from exports, with the remainder sold to the domestic market. Ortiz says the company's average profit margin for exports is about five per cent. On local sales, it is '10 per cent, on average.'

The company's operations are highly sensitive to wage levels.

'A one kina increase per hour in wages will be a K5.3 million pressure

Tuna catch
Credit: R D Tuna

PNG Fisheries Industry Trends

Indicator	2016	2019 (est)	2022 (est)
Exports from marine products (K mill)	573.1	798.83	1,113.47
Total annual tuna export (metric tonnes)	172,046	111,639	118,794
Total annual receipts from tuna (K mill)	983.64	640.92	701.04
Total receipts from other marine products (K mill)	62.4	44.6	51.3
Processed fisheries exports volume (tonnes)	2597.3	2983.5	3000
Total exports of barramundi (metric tonnes)	0.72	1.45	1
Total employment in sector (crewing only)	715	545	613
Total fish farmers (>1000KG/annum)	54,000	57,000	50,000

Source: Medium Term Development Plan.

on our bottom line over a year. That is around US$1.6 million drop in our bottom line. That is a big amount of money. The challenge is to increase our volume of production and partly pass it on in the price.'

Ortiz says he is 'very, very optimistic about the future', noting that the upgrading of the fishing fleet is paying off.

'The rebate given by the National Fishing Authority and the government to manufacturers is very good. R D Tuna Canners is the pioneer in tuna processing in Papua New Guinea, and we believe, given the right support from the National Government, doing business here is still profitable.'

Local production

A big challenge is to increase local production. According to the government's *Medium Term Development Plan* much of the fresh tuna is exported or taken overseas for processing. But there are initiatives to combat this. Papua New Guinea's fisheries Exclusive Economic Zone of 2.4 million square kilometres is the largest in the South Pacific and supplies about 18 per cent of the world's tuna catch, a percentage that has been steadily rising since 2010. Frozen tuna constitutes about half of PNG's tuna exports, followed by canned tuna, cooked loins, fishmeal and chilled tuna.

James Movick, Director-General of the Pacific Islands Forum Fisheries Agency, says PNG is 'leading the way' in the Pacific when it comes to developing onshore processing of tuna and providing jobs.

'The new system of rewarding tuna canneries and loining plants for the volume processed within the country will allow incentives to directly benefit the companies that help to meet the government's objectives of building up this industry,' he says.

> IT HAS BEEN WELL RECOGNISED GLOBALLY THAT WE ARE THE LAST BASTION OF ASSETS IN WILD FISHERIES.
>
> Wayne Golding.

There is the potential to do more. Research by the APEC Business Advisory Council (ABAC) has concluded that PNG's fisheries industry could generate US$1 billion (K3.3 billion) a year in revenues. ABAC member Wayne Golding says that because the industry is labour intensive, an additional 250,000 people could be employed.

'We own it. Sixty per cent of the tuna in this region comes out of our own waters. What we have is a diminishing supply chain against demand for wild fishes. So the world is moving more towards aquaculture fisheries in order to bridge the difference.

'It means that in PNG we have to engage with our resources to convert it into added value. It has been well recognised globally that we are the last bastion of assets in wild fisheries.'

Productivity

Golding says the industry needs to become more productive. 'Fisheries have a 40 per cent wastage factor: from one fish, 40 per cent is classified as by-product or wastage. There is now technology coming into play that says that this should be zero. That is now a key investment factor.'

Golding believes the PNG fishing industry needs to market itself better.

'We don't promote our product well enough.' ◆

Cropping for the future

The demands of food security and import replacement are shaping agriculture in PNG.

By David James and Sarah Byrne

Agribusiness is a sector where Papua New Guinea has a long history, and significant natural advantages. It has high rainfall and fertile soils, and its people have been farming for centuries.

'You can try and engage a Papua New Guinean on any subject on any matter and they may be interested or not, just like anyone else,' says Ilan Weiss, Chairman of Innovative Agro Industry (IAI).

'But you mention agriculture to a Papua New Guinean and their eyes light up. They automatically engage. The reason is that Papua New Guineans have been doing agriculture for far longer than Europeans. It's something dear to their hearts. They are very open to innovation and you find good farmers everywhere.'

PNG's recent foreign exchange shortages have increased the urgency to boost agriculture. There is a growing emphasis on import replacement.

Mainland Holdings cropping sorghum.
Credit: Mainland Holdings/Nasfund

Mainland Holdings is PNG's only farmer of crocodile skins. Credit: Mainland Holdings/Nasfund.

Mainland Holdings is one company taking the lead. Chief Executive David Alcock says the company intends to grow sorghum and soya beans in partnership with local farmers to use as stockfeed.

'We have an over-reliance on imported grains. Foreign currency has become very difficult to source. One large bank, when I asked them for assistance, said: "We can't provide any." I asked them what would they do if they were in my position and they said: "Grow something." We decided to see the foreign exchange as an opportunity rather than a difficulty.'

Mainland Holdings imports 150,000 tonnes of Australian wheat each year. Of this, 60,000 tonnes is used in stock feed. 'Sorghum, our replacement for wheat in stock feed, will grow in PNG. That is absolutely proven. Soya beans, a critical protein addition to stock feed, will also grow in PNG.

'If you can grow those two, you would have an enormous impact on the price of stock feed and the amount of industry you can create. The aim is to farm 1500 hectares a year. With two crops a year, it will give us 15,000 tonnes of sorghum. That is a quarter of our needs to replace all of our wheat in our stock feed.'

IAI, which has been operating in PNG since 2011, is another company looking at import replacement. It has established a dairy production farm at Ilimo in Central Province that is designed to partially replace dairy imports in Port Moresby and elsewhere, increasing local self-sufficiency. The farm has 175 hectares of cultivated land producing stock feed for 500 milking cows and a dairy processing plant, capable of producing 12,000 litres of milk per day. Weiss describes pricing of dairy products in PNG as 'ridiculous'.

'This is a grass-to-glass farm. We aim to bring prices down.'

Weiss says when IAI came to PNG, they found that despite PNG's natural agricultural advantages, good climate for a variety of produce and excellent water resources, the country was largely dependent on imports to feed its people.

'All those imports are sold in PNG at much higher prices than they are sold in the developed world. But that's changing. Demand for production from the company's first project, the 9-Mile farm outside Port Moresby, was so high that we had to stop exports' and concentrate on the domestic market,' says Weiss.

Palm oil

Palm oil is perhaps the crop where PNG has the longest history and soundest international record. Ian Orrell, Group Head of Sustainability for New Britain Palm Oil (NBPOL) says the company has 83 per cent of national production.

'It is the largest employer in the country after the government, with almost 25,500 permanent employees on the payroll. And these are not temporary employees or linked to contractors and subcontractors. These are full-time employees. Only 106 are expatriates, or 0.4 per cent. The rest are PNG nationals."

Orrell says the relationship with smallholders is an 'extremely important' part of NBPOL's upstream operations. 'We support 17,500 smallholder farms, many of which have co-resident families: an estimated total population of about 150,000.

'Smallholders represent about a third of our crop production.'

Almost all of NBPOL's production goes to the European Union, except for a small amount that goes to Switzerland. The company has duty-free access to the European market. Orrell observes that the EU market is 'extremely sensitive' to sustainability issues.

'Overseas buyers of PNG palm oil demand assurances that what they are buying is independently certified, sustainably-produced palm oil. Twenty per cent of global palm oil is certified sustainable (CSPO), and the proportion is rising'.

Orrell says having certified sustainable production helps when accessing business finance. It also allowed the company to diversify geographically.

'We have a closed supply chain with no chance of contamination. That led to the establishment of a state-of-the-art refinery in Liverpool [in England] in 2010.'

> PAPUA NEW GUINEA HAS EXCELLENT SOILS AND CLIMATE, BUT IT IS ALSO PRONE TO PESTS AND DISEASES.

PNG has some unique plants with potential. One is the galip nut (*Canarium indicum*), which is indigenous to PNG's islands, including New Ireland, New Britain and Bougainville. It is a protein-rich nut with similar properties to an almond.

'Now is a great time to build an industry around the galip nut in Papua New Guinea,' says Helen Wallace, Project Leader at the Transformative Agriculture and Enterprise Development program.

Minimal new nuts are coming on the market, and Wallace believes the galip nut has commercial potential.

'We have an increasing world population and people are interested in healthy snacks.'

Coffee

Coffee is a crop that has a long history in PNG, but disease and mismanagement are posing challenges to the industry. Steven Tumae, General Manager of Industry and Operations at the Coffee Industry Corporation says the organisation is working on a new 10-year strategy that aims to address six key problem areas: production levels, quality of coffee, product marketing

Paradise Spices' operator milling vanilla beans Credit: Paradise

systems, infrastructure, and the legal and policy environment, Tumae says.

The CIC's strategy aims to help farmers work together.

'Farmers lack the business acumen, financial knowhow, and the knowledge of how to make the most profit in the long term from their coffee trees', he says.

'There are plenty of small businesses that can be developed if the farmers work together as micro-SMES. The shared profit would be substantial. The CIC plans to enable smallholders to become business-orientated farmers with direct access to the market.'

Potential small businesses include nurseries, processing the coffee as green beans, and selling quality coffee beans direct to local cafes and venues.

Another potential industry is agri-tourism, according to Maria Linibi, President of the Papua New Guinea Women in Agricultural Development Foundation.

'There is a big gap in the market for the promotion of traditional crops and farming methods to tourists.' ◆

A great place to visit

Papua New Guinea is one of the world's most intriguing destinations.

By David James

A study of PNG tourism by the International Finance Corporation has found that, for the first six months of 2018 there were 34,600 visitors to PNG. They spent a total of US$78 million (K260 million), an average of US$2262 (K7529) per trip.

The IFC found that 54 per cent of visitors to PNG in the first six months of 2018 arrived for business purposes.

Thirty per cent were tourists, and 16 per cent arrived to visit family and friends.

The study looked at tourism numbers between January and June of 2018. It found that visitors spent on average K757 per day. Almost two-thirds of visitors were male. Forty per cent had a household income under US$50,000, 34 per cent between US$50-100,000, and 26 per cent over US$100,000. 'Culture and history' was nominated as the top reason for holiday visitors to choose PNG.

The IFC believes the tourism market has potential to grow.

'With the right investments in infrastructure, capacity building, product development and marketing and tackling regulatory issues, PNG could receive an extra US$117 million (K391 million) per year in niche market tourism revenues and position itself as a globally recognised tourism destination.'

The top five industry sectors that benefit from tourism are:

- **accommodation** (US$31.2 million; K103 million)
- **aviation** (US$23.7 million; K79 million)
- **food and beverage** (US$8.3 million; K27 million)
- **local transport** (US$3.8 million; K12.7 million)
- **domestic travel** (US$3.6 million; K12 million)

Markets

Fifty three per cent of visitors were from the Australian market, which is 'predominantly a mature, male market with most visitors aged between 40 and 70.' The New Zealand holiday tourism market is described as 'split', with a grouping of younger travellers and a grouping of older travellers.

The North America holiday market is the 'highest yielding and oldest market' for PNG.

'Given the demographics, high spend and low rates of interest in returning, Papua New Guinea is seen as a once-in-a-lifetime destination. With the older demographic, accessibility is likely a concern for this market.

'For North American visitors, cultural activities are important. Travel agents play an important role in marketing the destination and booking travel.'

The high yielding European holiday market has the longest average length of stay in PNG. The lower age range and high percentage of male travellers indicates a trend toward adventure travel.'Tourism from other Pacific Islands is described as 'a young market', reflecting the demographics of the region.

The National Government has set out long-term plans to promote the industry, the National Tourism

UNTAPPED POTENTIAL

The head of a hotel chain says there are great opportunities for travellers.

Hotelier Marc Ehler, Group General Manager of Coral Sea Hotels, has visited 70 different countries and worked in many of them. He sees great potential for tourism in PNG.

'The leisure and adventure tourism prospects in PNG are enormous,' he observes.

Ehler says there are some 'interesting parallels' between Papua New Guinea and African countries, or with the Maldives and Seychelles.

'They have "sun, sea and sand" only and they are hugely successful in tourism. Here, PNG has so much more: the fauna and the flora, the bird life, the mountains, game fishing, extraordinary diving, the cultural shows, and the tribes.

'You can truly experience "a million different journeys" as the PNG Tourism Promotions Authority's slogan suggests.

'PNG's culture is very natural. It is not staged, and that is unique. When you go to the countryside, you get to know the real culture, and during the cultural shows tourists love to "sing-sing" and dance along.

'What is currently present are niche tourism markets, which focus on mountaineering and diving and history with all the war cemeteries—Kokoda being one of the most famous attractions for historical tourism.'

> YOU WILL SEE QUITE A STEADY STREAM OF LONG-TERM TOURISTS COME INTO THE COUNTRY.

Master Plan. Tokua airport (New Rabaul airport) will be redeveloped to international standards including upgrading the airport's runway to cater for direct flights from Australia, China and Japan. The aim is to achieve 1.5 million tourists per year by 2030.

The Prime Minister, Peter O'Neill, believes that PNG has the ability to compete with destinations like Bali and Fiji.

'In Kokopo, we want to build up to at least 2000 beds. The government will partner all the landowners and provincial governments and some of the funds that are now invested elsewhere in the Pacific we will encourage to be invested in our country. You will see quite a steady stream of long-term tourists come into the country.' ◆

A GLOBAL ICON

The Hilton Hotel has opened in Port Moresby.

The long-awaited Port Moresby Hilton opened for business in late 2018, in time for the APEC meetings. It is only the second global chain-branded hotel in PNG. It has 212 rooms and 46 suites.

Together with the distinctive adjacent Kutubu Convention Centre, it is the first part of the Star Mountain Plaza project, a joint venture between the government and three major provincial landowner companies: Petroleum Resources Kutubu Limited, Mineral Resource Star Mountain and Mineral Resource Ok Tedi. It is under the trusteeship of state-owned Mineral Resource Development Company (MRDC).

'Being able to say that a company like Hilton is investing in the region is a key story for the country,' says the hotel's General Manager John Lucas. He says that, in keeping with the theme of trying to support the local work force, expat numbers have been kept low.

'I had no expectations when I started; I was employee number one. I put a fairly innocent posting on what was not even a Hilton web site; it was a Star Mountain Plaza web site. I got swamped. I have never seen anything like it. They are all good capable and qualified people willing to work—or happy to just come along and learn the ropes.'

Adding value

PNG's forests have commercial potential but it is crucial to understand global trends.

By Kevin McQuillan and Sarah Byrne

Bob Tate, Executive Director of the Papua New Guinea Forestry Industry Association, says 88 per cent of Papua New Guinea's timber exports are sold into China for processing and on-selling into the United States.

In 2018, says Tate, volumes rose slightly and prices averaged at around the high of US$90 per cubic metre. He says the trade war between China and the United States has not directly affected forestry or forest products, but it has created a high degree of uncertainty and caution in forest products markets.

'The US, Russia, Canada and New Zealand are the four biggest exporters of logs into China. It has been talked about that the US in particular would impose tariffs on Chinese imported manufactured wooden products. Of course, that tends to disregard or ignore the fact that the US is a significant exporter itself of forest products, particularly logs, to China.'

The PNG Government plans to ban round log exports by January 2021 and to promote downstream processing to add value to forest products and increase forest by-products. But

A timber facility in Lae Credit: ACIAR

Tate points out that the processing sector is in decline.

'There are now seven mills operating in PNG and there has been no new mills established in the last 15 years. Forest plantation development has fallen from 65,000 hectares to 40,000 hectares since the 1990s. The public sector has largely abandoned its plantations due, significantly, to land tenure issues.

'If the government is to achieve this goal, it needs to institute a fair and equitable fiscal regime and fiscal stability. Forestry could no longer be regarded as the cash cow it is treated as currently.

'There needs to be trade regulatory reform to enable efficient and cost-effective exports of products. Currently, it's a dog's breakfast of regulation, red tape, and duplication of process and approvals involving five different government departments and agencies and requiring two discretionary approvals by Cabinet Ministers.'

> THE GLOBAL MARKET FOR WOOD PRODUCTS IS CONTINUALLY GROWING.

Niche

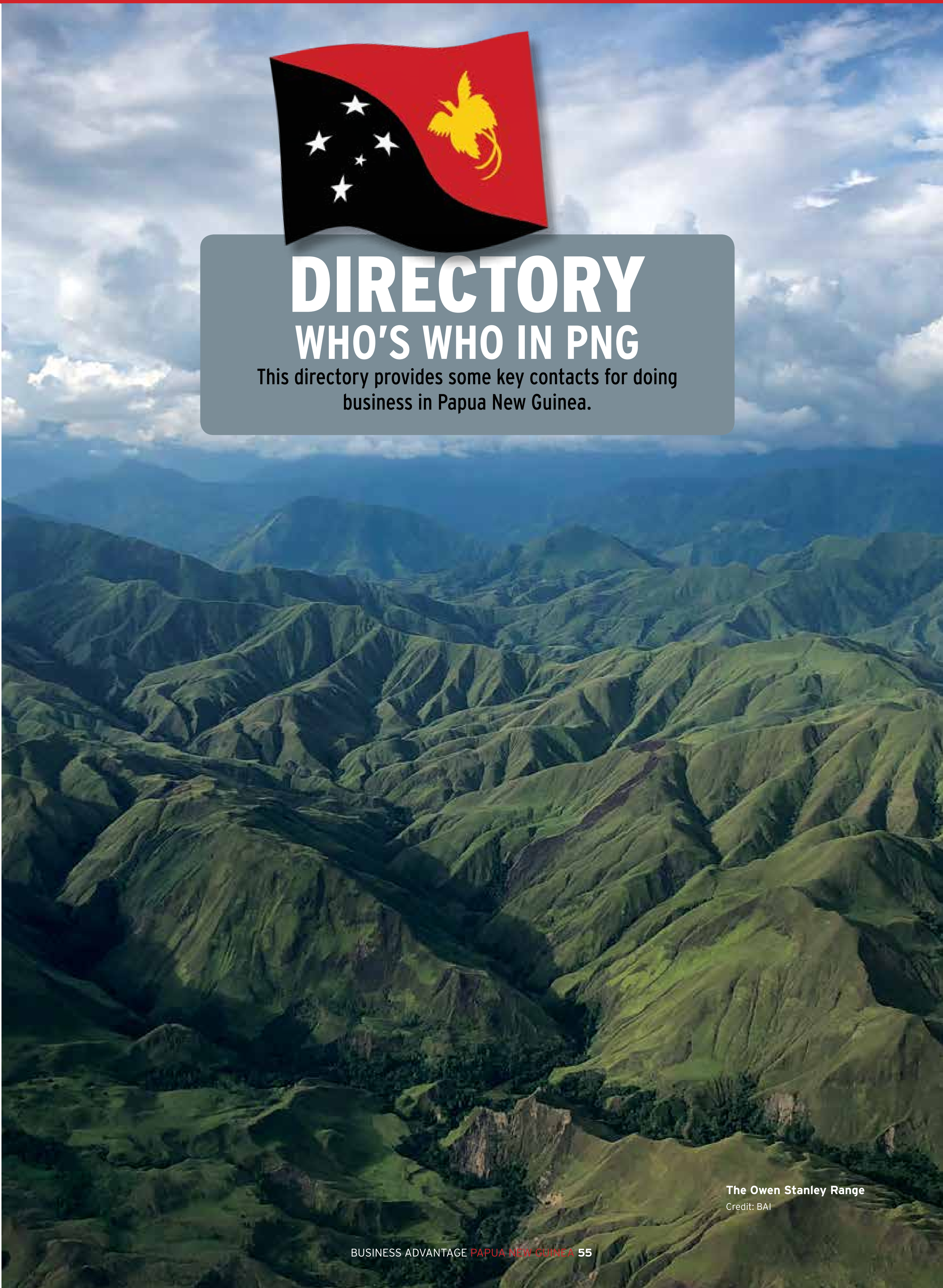
One positive sign is a proposed timber processing facility near Lae. It will be positioned to fill a niche and play an important role in the PNG forestry industry's future, according to Tony Bartlett, Forestry Research Program Manager at the Australian Centre for International Agricultural Research (ACIAR).

ACIAR has worked with the PNG Government to research the development of a central processing facility for timber coming from community-owned forests.

'The global market for wood products is continually growing. The Papua New Guinean government has acknowledged this and is hoping that the facility will provide the capacity to add value to timber domestically, and therefore keep a proportion of the income in PNG.'

According to Bartlett, the facility will be profitable from year one.

'The business plan has already been developed, making this a great opportunity for private business to get involved and invest. Papua New Guinea is well endowed in forestry resources, which makes the sector an important player in the country's future.' ◆



DIRECTORY

WHO'S WHO IN PNG

This directory provides some key contacts for doing business in Papua New Guinea.

The Owen Stanley Range
Credit: BAI

AGRIBUSINESS/MANUFACTURING

AkzoNobel PNG
www.taubmanspg.com

Goodman Fielder International (PNG)
+675 308 2200
http://goodmanfielder.com/countries/papua-new-guinea/

Innovative Agro
www.iaipng.com

K K Kingston
www.kingston.com.pg

Lae Biscuit Company
+675 475 9988
www.laebiscuit.com.pg

New Britain Palm Oil
+675 985 2177
www.nbpol.com.pg

Paradise Foods Ltd
+675 325 0000
www.paradisefoods.com.pg

PNG Forest Products
http://www.pngfp.com/niu-homes/

S P Brewery
+675 302 8200
www.sp.com.pg

Trukai Industries Ltd
+675 472 2466
www.trukai.com.pg

BANKING, FINANCE & INSURANCE

ANZ
+675 321 1079
www.anz.com/png

Bank of Papua New Guinea
+675 322 7200
www.bankpng.gov.pg

BSP (Bank of South Pacific Limited)
www.bsp.com.pg

Capital Insurance Group
+675 323 1144
http://www.cig.com.pg/

Credit Corp
www.creditcorporation.com.pg

Kina Bank
+675 308 3800
www.kina.com.pg

MoniPlus
(+675) 313 2900
http://www.moniplus.com/

Nambawan Super Ltd
www.nambawansuper.com.pg

National Development Bank
+675 324 7500
www.ndb.com.pg

National Superannuation Fund Limited (NASFUND)
www.nasfund.com.pg

Port Moresby Stock Exchange Limited
www.pomsox.com.pg

Tower Insurance
www.towerinsurance.com.pg

Westpac Bank PNG Limited
www.westpac.com.pg

SERVICES

Airways Hotel
+675 324 5200
www.airways.com.pg/

Airways Residences
+675 325 4366
www.airwaysresidences.com.pg/

Black Swan International
www.blackswanss.com

BNBM
+675 323 3379
www.bnbmpng.com

Datec
+675 303 1222
www.datec.com.pg

Deloitte PNG
+675 308 7000
www.deloitte.com/pg

DHL Express (PNG)
+675 325 9866
www.dhl.com

Guard Dog Security Services
www.GuardDogSecurityPNG.com

Hausples
www.hausples.com.pg
PNG's leading real estate portal

Hilton Hotel
+675 750 18000
https://www3.hilton.com/en/hotels/papua-new-guinea/hilton-port-moresby-POMSMHI/index.html

iPi Group
+675 311 3250
www.ipigroup.com.pg

KPMG
+675 321 2022
www.kpmg.com

Pacific International Hospital
+675 7998 8000
www.pihpng.com

Pacific Palms Property/Harbourside
+675 313 7920
www.pacificpalmsproperty.com.pg

Paladin
+675 320 2011
www.paladin.com.pg


Mainland Holdings' egg production
Credit: Mainland Holdings

PVM Advertising
+675 325 7419
www.pvm.com.pg

Remington Group
+675 312 3400
http://www.remington.com.pg

TE PNG
+675 325 6322
www.tepng.com

Total Waste Management
+675 320-3242
www.twm.com.pg

CONSTRUCTION & ENGINEERING

Avenell Engineering Services (AES)
+675 320 3288
www.aespng.com

Dulux
+675 325 4555
www.duluxgroup.com.au

Hebou Constructions (PNG)
+675 325 3077
www.hebou.com.pg

Hornibrook NGI
+675 472 3599
www.hornibrook.com.pg

Useful online resources for Papua New Guinea

www.businessadvantagepng.com
Business Advantage International's online business magazine for PNG and the region. Produces regular PNG email update.

www.ipa.gov.pg
PNG's Investment Promotion Authority.

www.thenational.com.pg

www.postcourier.com.pg
PNG's two daily newspapers, *The National* and *The Post-Courier*.

www.emtv.com.pg
Largest TV broadcaster.

www.looppng.com
Local online news

Lamana Development
+675 323 4791
www.lamdev.com.pg

Monier
www.monier.com.pg

Rhodes Projects
+675 7263 7860
www.rhodesprojects.com

MINING & PETROLEUM

Barrick Gold
+675 322 4800
www.barrick.com

Bougainville Copper
www.bcl.com.pg

ExxonMobil PNG Ltd (PNG LNG Project)
www.pnglng.com

Highlands Pacific
www.highlandspacific.com

Kumul Petroleum
www.kumulpetroleum.com/

Mayur Resources
www.mayurresources.com

Mineral Resources Authority
+675 321 3511
www.mra.gov.pg

MRDC
+675 302 9600
www.mrdc.com.pg

Newcrest Mining
+675 321 7711
www.newcrest.com.au

Oil Search Limited
www.oilsearch.com

Ok Tedi Mining Ltd
www.oktedi.com

Puma Energy
+675 309 9 400
www.pumaenergy.com

Total E&P (PNG)
www.total.com

Wafi-Golpu Joint venture
www.wafigolpujv.com

TOURISM/TRANSPORT

Air Niugini
+675 327 3444
www.airniugini.com.pg

Ela Motors
+675 7998 7300
www.elamotors.com.pg

National Airports Corporation (NAC)
www.nac.com.pg

PNG Air
www.pngair.com.pg

Tourist Promotion Authority
+675 320 0211
http://www.tpa.papuanewguinea.travel/

INFRASTRUCTURE/TELECOMMUNICATIONS

Bismark Maritime
+675 472 1990
www.bismark.com.pg

BMobile
+675 7600 3555
www.bmobile.com.pg

Digicel PNG
www.digicelpng.com

International Container Terminal Services Inc (ICTSI)
www.ictsi.com

PNG Ports Ltd
+675 308 4200
www.pngports.com.pg

PNG Power
+675 324 3200
www.pngpower.com.pg

Telikom PNG
+675 300 4000
www.telikompng.com.pg

DIVERSIFIED INDUSTRIAL GROUPS

Anitua Corporate Services
+675 986 4633
http://www.anitua.com.au/

Brian Bell Homecentres
+675 325 5411
http://www.brianbellonline.com/

City Pharmacy Ltd (CPL)
www.cpl.com.pg

Rimbunan Hijau (R H) Group
+675 325 7677
www.rhpng.com.pg

Sinowell
+675 323 9666
www.sinowellgroup.net

Star Group
www.bayvillage.com.au

Steamships Trading Company Limited
www.steamships.com.pg

BUSINESS & GOVERNMENT ORGANISATIONS

Asian Development Bank
+675 321 0400
www.adb.org

Australia-Papua New Guinea Business Council
www.apngbc.org.au

Australian Trade Commission (Austrade)
+675 325 9150
www.austrade.gov.au

Business Council of PNG
+675 320 0700
www.bcpng.org.pg

Business & Professional Women's Club of Port Moresby
www.bpwpng.org

Kumul Consolidated Holdings
www.kch.com.pg

Institute of National Affairs
(Industry-funded think-tank)
+675 321 1045
www.inapng.com

International Finance Corporation (IFC)
+675 321 7111
www.ifc.org

Investment Promotion Authority
+675 308 4444
www.ipa.gov.pg

Lae Chamber of Commerce & Industry
+675 472 2340
www.lcci.org.pg

Manufacturers Council of PNG
+675 321 7143

Papua New Guinea Chamber of Commerce and Industry
+675 321 3057
http://www.pngcci.org.pg/

PNG Chamber of Mines and Petroleum
+675 321 2988
www.pngchamberminpet.com.pg

Port Moresby Chamber of Commerce & Industry
www.pomcci.com

World Bank
+675 321 7111
www.worldbank.org/en/country/png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REACHED
more places than any other banks in the Pacific, providing first class banking and financial services to our valued customers.
PNG
FIJI
SOLOMON IS.
SAMOA
TONGA
COOK IS.
VANUATU
CAMBODIA
WE ARE BSP
BSP
BANK SOUTH PACIFIC
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