



AUSTRALIA PAPUA NEW GUINEA BUSINESS COUNCIL

Welcome to our first Newsletter

I would like to welcome all members to our first Newsletter which will be circulated monthly.

It will cover a summary of current bilateral issues and a snapshot of what the APNGBC is attending to on your behalf.

For details on what the APNGBC is all about and how we achieve our goals, I refer you to the last page of this Newsletter. Please contact Helena Wilson at the Secretariat for information on displaying your logo and advertisement regularly. I welcome any feedback from you.

Phil Franklin—President 2014



APNGBC PNG President Phil Franklin (left) with Hon Julie Bishop MP and APNGBC President Peter Taylor at the Business Breakfast hosted by APNGBC.

Hon. Julie Bishop MP to visit PNG.

The Australian Minister for Foreign Affairs, the Hon Julie Bishop MP, visited Papua New Guinea on 5 and 6 February 2014. Ms Bishop visited Port Moresby and Lae.

On Thursday 6 February 2014 the Australia Papua New Guinea Business Council hosted a successful Business Breakfast in

Port Moresby at which Ms Bishop was the guest speaker. The function was held at The Gateway Hotel, Port Moresby. Immediately following the breakfast Ms Bishop travelled to Lae where she undertook a number of engagements including speaking at a business luncheon hosted by the Lae

Chamber of Commerce and Industry.

Please find below a link to the Minister's speech, now up on the Minister's website:

http://www.foreignminister.gov.au/speeches/2014/jb_sp_140206.html



Events Calendar:

- > Thursday 6th February 2014 – Business Breakfast with Hon Julie Bishop.
- > Tuesday 11th February 2014 – Meet and Greet Function for Members and New Members.
- > 18-20th May 2014 – 30th Australia PNG Business Forum & Trade Expo.

Media Summary (December 2013)

Bilateral Relations and Investment	3
Mining and Petroleum Sectors	5
Politics and Legislation	5
Infrastructure	6
State of the Economy	6

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Recent data from the PNG Investment Promotion Authority values Australian investment in PNG from 2007 to 2013 at K39b and in terms of trade Australian statistics report that two way trade in 2013 totalled \$5.8b with Australia exporting to PNG \$2.8b worth of goods and services and importing from PNG \$3.0b worth of mostly goods. As a peak body the Australian PNG Business Council through its respective memberships in Australia and PNG focuses on bilateral issues that can improve business and trade between the 2 countries.

The APNGBC work program has covered issues relating to visas, trade treaties, tariffs and the delivery of Australian Aid. In terms of visas, the APNGBC supports the vision of unrestricted movement of citizens between both countries. We recognize that much has to be put in place before this can occur and that both countries' officials have a role to play in achieving this.

On the Australian side, the APNGBC made representation to the Australian Government officials in 2011 about the difficult and lengthy process that was required for our PNG employees to get visas to attend conferences, workshops & training in Australia. It is very pleasing to note that the process has been made much simpler. No longer do we see queues lined up at the AHC, Waigani and many applicants now receive visas online. Some advertising in PNG would assist in spreading the good news. But like all systems there is always room for improvement and we have advised that the some applicants have reported that once online making an application the line drops out. This applies to applicants who are online in Australia as well. Hopefully there is a simple solution to this.

On the PNG side the process of receiving visas on arrival has been a cost effective mechanism for PNG immigration to manage the dramatic increase in visitors. The APNGBC has requested over a period of time for the introduction of a PNG short term business visa which would allow for example, technicians to enter PNG to work and conduct diagnostic service and repair of the increasingly more complex machinery and equipment. We are advised that the Restricted Entry Visa (REV) is to be approved as part of the amendments to the migration act and we support its rapid implementation and suggest that it is made available online.

On the back of recent announcements in PNG that the visitor visa entry process will revert to requiring a visa before arrival, the APNGBC's view is that this will be to the detriment of improving travel between the countries effecting tourism and relative's visits to PNG. To offset any possible negative drop in visitor numbers APNGBC would encourage the PNG government to invest and develop its own online visa system and to also move to using electronic, biometric passports for its citizens. This would propel PNG into the forefront of boarder control and traveller's identification, helping PNG citizens move through the world.

In other fields of work the APNGBC:

- Has represented it members at 4 Bilateral Business and Officials Working Group, which was formed at the Australia Ministerial Forum in 2011 and mandated to examine business issues and report back to the Ministerial Forum each year. We are pleased with the establishment and ongoing support for the Working Group because it gives business a regular and structured opportunity to engage with officials from both governments on business issues. There is scope to accelerate progress of issues.
- Has been a leading participant in bilateral meetings on trade and ways in which the Australian Foreign Aid programmes can partner the private sector in delivering aid projects in areas that create long term sustainable solutions to the development challenges and programs goals that have been agreed by both governments. The APNGBC would encourage the architects of the Australian Aid Program in PNG to ensure the design and implementation of projects allows the completed project to continue in perpetuity once aid funding concludes. APNGBC members would welcome the opportunity for Australian Aid to partner their TVET Training, Education, Health and community welfare projects.

The APNGBC welcomes the arrival of Australian Federal Police and looks forward to hearing of the positive impact this is having for law and order in the community. A challenge for the program is for it to leave behind a legacy of improved procedures, infrastructure and a mechanism for securing adequate PNG Government funding for the RPNGPC.

The APNGBC is mindful of Prime Minister O'Neill's call for a Special Economic Zone between North Queensland and Papua New Guinea and believe there are a number of measures which can assist move in that direction. We are keen to work closely with governments to explore these.

Bilateral Relations and Investment

The Australian Federal Police Assistance program

The arrival of 50 Australian Federal Police (AFP) personnel in early December was part of an initiative between the PNG and Australia governments to address current inefficiencies in the Royal Papua New Guinea Constabulary (RPNGC). The Memo-

randum of Understanding signed between the two countries aims to build capacity within the RPNGC and for the AFP to provide technical advice on implementing policing programs. Under the programme (known locally as 'Wok Wantaim'), AFP offi-

cers will act as advisors and mentors to the RPNGC. AFP officers under the arrangement would not replace or take over the role of local police, undertake executive policing functions, nor arrest or charge any persons with an offence under domestic laws.

22nd PNG-Australia Ministerial Forum, Canberra

The forum which sets the agenda for the bilateral relationship was described by Australian Foreign Minister Julie Bishop as one of Australia's 'highest foreign policy priorities'. Bishop said that

priority areas were to strengthen investment ties and people to people links. PNG's energy projects were also noted as having large potential to grow the PNG economy and provide opportuni-

ties for the country. Bishop noted that PNG was also becoming an important regional player, exemplified by its efforts to combat people smuggling and the co-hosting of the Asia Pacific Economic.

Cooperation Forum in 2018

PNG Foreign Affairs and Immigration Minister Rimbink Pato was also satisfied with the resulting forum communique. Pato said that the agreement signalled a new focus and outlook for the economy and development cooperation. An emphasis was placed on increased spending in infrastructure

development, education, health, law and order. Agreements in the communique included; Australia to support PNG's hosting of the APEC summit in 2018, Australia to support ongoing implementation of the Bougainville Peace Agreement, Both countries committed to supporting the seasonal work-

ers scheme, Continued Defence and Police cooperation with 50 AFP personnel already deployed in PNG, Australian Government to continue supporting anti-corruption efforts of the PNG Government, and Australian Government to support PNG in improving procurement processes.

Friends look to PNG for investment

On 06 December 2013, Prime Minister Peter O'Neill announced to the visiting delegation of the Townsville Chamber of Commerce, that PNG was ready to strengthen business opportunities with Australia. The delegation of

the Townsville Chamber of Commerce included current President, Stephen Motti and former Presidents Dawson Wilkie and John Carey. The delegation discussed projects they were keen to assist with including; trades training,

education, sports (stadium, infrastructure/coaching facilities) and port to port commerce. They also extended an invitation to the Prime Minister to visit Townsville.

Bilateral Relations and Investment

Australia helps to improve food security

A new research project aimed at addressing the rising food insecurity amongst small holder cocoa and oil palm farmers in PNG was launched in early December. The four year research project was a partnership between the Cocoa Coconut Institute, Oil Palm Research Association, Curtin University and James

Cook University. The AUD 1.2 million program was funded by the Australian Centre for International Agriculture Research (ACIAR) and would work with the oil palm communities in the Northern, West New Britain, Milne Bay provinces and the Autonomous Region of Bougainville. Based on the information to

be gathered, strategies would be introduced; to diversify income, establish intercropping of food crops to ensure food security through higher production and new technologies to assist cocoa growers switch from a foraging to farming production strategy to increase income.

Borneo Pacific Pharmaceuticals - supply of medical kits

Deputy Prime Minister Leo Dion was disappointed over the withdrawal of the Australian Government's funding of the distribution of medical kits in PNG. Dion said Australia's decision to withdraw its funding for the distribution of medical kits was related to

the awarding of a contract to a PNG based pharmaceutical company to supply medical kits throughout the country. However, the withdrawal was also supported by the PNG National Doctor's Association, citing that it was morally wrong to award the contract

to a company that did not have the requisite ISO standards to supply quality medical drugs. Demands were made for the Government to publicize the tendering process involved in awarding the contract.

New visa rules Aussies must obtain permission before arrival

Prime Minister Peter O'Neill confirmed that the National Executive Council reached made the decision to ban the issuing of visas on arrival for Australians, unless Australia agreed to allow Papua New Guinean citizens a similar visa on arrival arrangement.

The ban would not be applied to Australian pas ports holders travelling to other ports by ship. The ban would take effect when the Prime Minister signs the documents. Tourism Promotion Authority spokesman Colin Taimbari agreed that the ban on visas on arrival

would affect tourism in PNG.

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Mining and Petroleum Sectors

Gulf LNG Project

In early December 2013, InterOil announced it had signed a deal with Total SA to sell over 60 per cent of its interest in the Elk-Antelope

gas fields. However, a final investment decision by Total SA will only be made in 2016. Minister for Petroleum and Energy William Duma

also welcomed the strengthening competition in the petroleum sector.

Politics and Legislation

Independent Commission Against Corruption (ICAC)

Chief Secretary to Government, Sir Manasupe Zurenuoc met with the Permanent Parliamentary Committee on Constitutional Law to brief them on the required Consti-

tutional amendments to establish the ICAC. Zurenuoc reiterated that ICAC would not take over the responsibilities of government agencies such as the Ombudsman Commis-

sion or the Public Prosecutor. He insisted that it would operate independently and be devoid of any political influence.

Speaker of Parliament removes cultural artefacts to cleanse Parliament

A major public outcry ensued over a number of weeks after Speaker of Parliament Theodore Zurenuoc succeeded in destroying a number of cultural artefacts within Parlia-

ment. His reasoning for his actions were to cleanse the Parliament of evil influences. A subsequent court order was issued restraining Zurenuoc from further removing or de-

stroying cultural artefacts within the Parliament.

Government priorities for 2014

The Government is adamant to implement the 2014 budget effectively and deliver key

policy initiatives that would grow the economy. O'Neill said that there were improve-

ments to be made on the budget performance of 2013.

Polye looks to change formulation of money plan

Treasurer Don Polye announced that the formulation of the 2015 budget would be different as it would only sup-

port well documented projects and projects of national importance. Polye said that projects that were significant to

the sub nationals would be captured in their respective provincial budgets.

Infrastructure

Dubai investment in Manus

Dubai-based Awal Impex International Holdings Ltd intends to visit the country to investigate investment opportunities in Manus. However, due to visa issues and the Immigration Department on holiday break, they have been unable to visit the country as of mid January 2014. The multinational company intends to invest up to K2.4

billion (US1 billion) in Manus establishing major port facilities for customs and quarantine checks on all sea vessels and to facilitate the establishment of Manus Province as a free trade economic zone.

Local Manus MP Ronnie Knight explained the aim was to ensure all cargo brought in from Asia, destined for the

Pacific and Northern Australia, would first be checked at Manus before proceeding to Port Moresby or Lae. PNG Minister for Trade, Commerce and Industry Richard Maru also supported the free trade zone and set it as his highest priority, noting that the private sector would be primary investors in developing the zone.

Power tariff put on hold and PNG Power Limited to receive Government funding

PNG Power Limited's (PPL) decision to increase tariffs by 5.9 per cent starting 01 January 2014 was adamantly opposed by the public and busi-

ness community throughout the country. PPL argued that the increase of the tariff was necessary to upgrade ageing PPL infrastructure throughout

the country and that it had been approved by the Independent Consumer and Competition Commission (ICCC).

State of the Economy

Bakani: Growth rate slow

Bank of PNG Governor Loi Bakani reported that the country's economy was growing at a slow pace and was due to the winding down of the construction phase of the PNG LNG Project. Real GDP would be lower than last year but would be moderate at

around five per cent, which was strong compared to other developing economies. However, there were still strong import demands mainly from retail, construction, petroleum, manufacturing, finance and business sectors. According to Institute of National

Affairs Director Paul Barker, the low growth in the non-mining sector this year indicates a very low growth rate in the other sectors of the economy such as agriculture, worsened by low commodity prices and the occurrences of farming diseases.

Weak Kina could help workers, farmers

World Bank economist Tim Bulman said that weakening of the Kina value would help local cash crop farmers, workers and business to compete in the world market. Bul-

man said the reduced currency value would reduce costs of operating in PNG compared with other countries and enable international investors to develop busi-

nesses and create jobs in PNG. The kina had weakened against the US dollar by 5.7 per cent.

WHAT IS THE AUSTRALIA PAPUA NEW GUINEA BUSINESS COUNCIL?

Established in 1980 the Council is a non-profit association of Australia-based businesses with interests in Papua New Guinea. The management of the Council is vested under the constitution in an Executive Committee, headed by a President and three Vice-Presidents, elected at an Annual General Meeting of members.

The Council's goals are to advance the interest of Australia business in Papua New Guinea by:

1. increasing trade and investment between Australia and Papua New Guinea;
2. encouraging the further development and expansion of the Papua New Guinea economy;
3. representing Australian business interests to the Australian and Papua New Guinea governments;
4. providing a network of business people with shared interests in Papua New Guinea.

HOW DOES THE COUNCIL ACHIEVE ITS GOALS?

The Council advances Australian business interests in Papua New Guinea through:

the holding of trade, investment and information seminars on Papua New Guinea:

- participation in regular bilateral Ministerial talks to discuss major policy issues of concern to Australian business;
- submissions to government on policy matters affecting Australian business interests in Papua New Guinea;
- the receiving and sending of trade and investment delegations between Australia and Papua New Guinea;
- dissemination to members of information on current economic, political and social developments in Papua New Guinea;
- providing access to a network of Australian businesses with long experience in Papua New Guinea with whom members can seek and share information.

APNGBC Executive Committee APNGBC Office Staff

President: Phil Franklin (BNG Trading)

Vice President: James Kruse (Deloitte)

Secretary: Jonathan Seeto (PWC)

Treasurer: David Guinn (Guinn PKF)

Committee:

Rick Sawicki (Qantas)

Mark Baker (ANZ)

Geoff Toone (Westpac)

Peter Diezmann (Interoil)

Peter Graham (Esso Highlands)

HE Deborah Stokes (AHC) – Ex Officio

Kevan Dacey (Austrade) – Ex Officio

Helena Wilson – Corporate Services Manager

Dulcie Bodu – Administration Manager



PNG PUBLIC HOLIDAYS FOR 2014

New Years Day - Wed JAN 1
Good Friday - Fri APR 18
Easter Saturday - Sat APR 19
Easter Sunday - Sun APR 20
Easter Monday - Mon APR 21
Queen's birthday - Mon JUN 9
Remembrance Day - Wed JUL 23
Repentance Day - Tue AUG 26
Independence Day - Tue SEP 16
Christmas Day - Thu DEC 25
Boxing Day - Fri DEC 26

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We will be on the web shortly
at www.apngbc.org.pg