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## MEDIA RELEASE

### **Prime Minister says no regime change to happen without consultation with industry**

Prime Minister James Marape has said that there will be no change in the benefit sharing regimes currently being used in the mining and petroleum sectors, without extensive consultation with all players in the resources sector.

Prime Minister Marape delayed his planned meeting in Porgera toward the end of last week to be present at the Papua New Guinea Chamber of Mines and Petroleum's first Webinar Event for the year.

He delivered the keynote address with the reassurance of the government's recognition that the mining and petroleum sector remains the number one economic sector in the country.

"On record, the mining and petroleum sector remains our number one economic sector in our country, and that is acknowledged, and will remain so, and our government will do everything possible to ensure that the sector is not harmed."

On the back of industry having to cope with major uncertainty over proposed changes to the Organic Law on Ownership of Minerals and Hydrocarbons, and the introduction of a fiscal regime change for the sector for the past 12 months, Prime Minister Marape also reassured the sector, that all stakeholders would be consulted.

"Whether it's a production sharing regime or a hybrid between production sharing and existing regimes, I think there is a view that I take from these presentations thus far that the signal we are giving is not absolutely clear, and so I will take the month of June to ensure that the clarity is made to the mining and petroleum sector with respect to the direction we are trying to go into but for this occasion and a taker right now let me inform every one, regime change is not taking place as yet, the intention is there but whatever form it will take place, as I said earlier, 2025 is an important benchmark date," the prime minister said, after participating in the events three key presentations.

PNG Chamber of Mines and Petroleum Council Member, John Chambers of Santos, presented discussions on the true value of the mining and petroleum sector.

“According to the World Bank, PNG is in the ‘Top Ten’ of most Resource Industry-dependent economies in the world. We cannot underestimate the importance of the resource sector to the PNG economy.

“Continued investment in resources, plus diversification of the economy, need to occur in parallel,” Mr. Chambers said, while highlighting that financial institutions like ANZ have estimated that the resource sector’s total contribution to GDP 1.3 times its direct contribution to GDP.

Mr. Chambers explained that fiscal regimes need to balance state and landowners’ interests with investment risks and returns. He stressed that higher taxed regimes, would result in no exploration or projects being sanctioned; that resource sector stability was important in the areas of policy and legislation; and that the current tax royalty system used in PNG is the only regime in the world, which provides landowners with a share of cashflows from resource projects.

The two other main presentations were from global industry research and analysis organisations, Wood Mackenzie, who explained that different fiscal system designs can be employed to deliver a ‘fair share of returns’ while stressing the point that governments and oil and gas companies are usually closely aligned in their objectives on return on investment.

MineHutte UK focused on the need for countries to achieve a balanced legal framework, and that reform efforts built around the introduction of Production Sharing Arrangements (PSAs) would not be viewed as balanced, and would hinder, rather than help a country’s mineral sector.

MineHutte presented world examples of countries who had tried using PSAs in their mining sectors, and who had all, eventually reverted to their previous regimes, because of the negative impacts they experienced.

Prime Minister Marape, in responding to the presentations, said he would ensure that there is stronger collaboration with industry on any and all proposed reforms.”

“I would like to encourage investors who are tuning in from across the world, in these times of COVID19 sensitivities, we have been, and are still open for business. I will bring further clarity to the reforms we have planned, and with consultation with the mining and petroleum sector in the next month or two.

“Toward the end of June or July, the industry will know with clarity, what the government wants for the sector. It does not dilute the fact that PNG remains a very robust place of investment, and we are open for business.”

Chamber Vice President Leon Buskens was sincere in his closing remarks, in recognizing the importance Prime Minister Marape had given to the event.

“Mr. Prime Minister, thank you for your opening remarks, and for your closing remarks. We have listened, and heard loud and clear the assurances you have given the industry to work together, and importantly, you mentioned the deep consultation process.

“We are all on the same page, and the strategic intent of the Chamber is to ‘create understanding of the importance of the industry, and to build local expertise, to attract investment, and to empower Papua New Guinea to capture sustained, nation-building benefit from our natural resources’.

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**PNG Chamber of Mines and Petroleum**

All Webinar Main Speeches can be accessed on the PNG Chamber of Mines and Petroleum YouTube Channel via these links:

[https://youtu.be/bpx\\_GaOzRyg](https://youtu.be/bpx_GaOzRyg)

<https://youtu.be/Hb9B5LJHU8>

<https://youtu.be/7IFYMBc5-u4>

<https://youtu.be/bLy3iBfW4Rg>