



## **2019 PNG MINING & PETROLEUM INVESTMENT CONFERENCE**

***"PNG Resources – Developing Shared Value".***

**Stanley Hotel, 3 December 2019**

**Welcome Address by the President of the PNG Chamber of Mines and Petroleum, Gereia Aopi, CBE**

### **SALUTATIONS**

Prime Minister, Honourable James Marape, State Ministers, Members of Parliament, Members of the Diplomatic Corp, Government representatives, Resource companies, project area landowners, Members of the Chamber, our local SMEs, distinguished guests, friends of the industry, Ladies and Gentlemen.

Daba namona, gutpela monin, Good morning and welcome to the 2019 PNG Mining and Petroleum Conference organised and staged by the PNG Chamber of Mines & Petroleum.

A special welcome to our Prime Minister, who is attending this conference for the first time in his capacity as the Prime Minister.

### **INTRODUCTION**

This is the 27<sup>th</sup> year that the Chamber has hosted this conference, alternating between Port Moresby and Sydney every year, thus making this conference PNG's true premier event.

This conference has attracted well over 900 delegates not just from Papua New Guinea, but from across the region including Australia, the United States, Japan, China and I understand we have a delegation from Timor Leste who are attending this conference for the first time.

Over the years, the conference has been and continues to be a proud proponent projecting to the world PNG's vibrant and strong resource sector, and has provided a platform for industry-to-government dialogue on many key aspects of the sector whilst importantly marketing PNG as a sound investment destination.

The conference has grown each year and with each year, the Chamber is faced with an ever growing expectation to make this event relevant to changing times and global standards. We are proud that we continue to remain innovative on many of these fronts to provide you, our delegates, the experience you want.

This event would also not have been possible for our good sponsors, who year in, year out continue to support us generously. I say thank you to you all, especially this year's principle sponsors, ExxonMobil PNG, Newcrest Mining, Total, Oil Search, Porgera Joint Venture, Ok Tedi Mining, Santos, ANZ, and Spiecapag.

## **THE NEED FOR PARTNERSHIP**

Ladies and gentlemen, the resource industry in Papua New Guinea is an important development partner. The sector itself is strong, and with each passing decade, it continues to grow from strength to strength, although not

without business challenges and the inevitable highs and lows of the cyclical global markets.

Despite these challenges, stable government policies backed by investor confidence over the years has seen some of the world's multinational mining and petroleum companies grace our shores. Players like Barrick, Newcrest Mining, ExxonMobil, and local companies like Oil Search and Ok Tedi Mining just to name a few are operating huge projects worth billions of kina in our country, and are contributing significantly to the growth and development of this nation. And as an industry, we will continue to do that, by standing firm with our Government, our local communities and the people of this country to ensure PNG benefits from its resource wealth.

This year's conference theme is 'PNG Resources: Developing Shared Value'. The theme resonates and reaffirms the industry's ongoing commitment to further supporting PNG's development aspirations, something which we at the Chamber have always advocated for.

We all want to see an economically prosperous Papua New Guinea in the next few years where every citizen's health and wellbeing is secured, where every citizen is educated, where communities have access to some of the world's best infrastructures, and where many of our people can continue to venture into their own businesses and grow.

Prime Minister, the resource industry is fully behind you and your Government in your vision and development aspirations of our country.

The industry is fully aware that the economic challenges the country is currently confronting is not unique to PNG. There are many other countries also facing similar economic challenges. But we believe that by forging a

strong and committed partnership with Government, we can all steer PNG out of these rough waters.

Ladies and gentlemen, the next few years will not be easy for PNG, but the industry is ready and willing to help, provided Government maintains a stable fiscal and regulatory environment that grows investor confidence and attracts to PNG the much-needed revenue.

Institutional quality is a crucial factor for resource-dependent countries to achieve sustainable, development-orientated policies and sector governance. The credibility, quality, transparency, and accountability of policy making processes, public institutions, the legal and regulatory climate and sector governance are major determinants of how successfully countries can channel their resource wealth into sustainable development. This is what developing shared value is all about. We win together.

The PNG resource sector is a big investor, not just in the mining, and oil and gas, but socially and economically as well. All resource projects in PNG also invest significantly in areas of health, education, community infrastructure, employment, scholarships and training, agriculture, and SME, over and above what is required of them by law.

The industry has also for many years invested significantly in business development. It has helped established and grown landowner businesses and supported SME activities of which some are household names today in the PNG economy such as the IPI Group, Anitua, NKW, Laba Holdings, and Trans Wonderland to name a few. Many of these locally incubated companies now invest offshore in multimillion dollar investment projects.

They all had their genesis from the flow on benefits from Mining and Petroleum projects.

Mining and petroleum companies take their corporate social responsibility seriously in PNG and also provide services beyond their footprints of operations.

A case in point is last year's devastating earthquake which saw Oil Search and ExxonMobil, MRDC, Kumul Petroleum Holding, Ok Tedi, and numerous other resource companies stepping in to assist Government in a big way to provide much-needed relief assistance to people and communities impacted by the earthquake.

The involvement of industry in public private partnerships to promote the development goals of the government and the country is the right approach. For example, Oil Search's involvement in the Hela Provincial Health Authority is making a significant difference to the health of all those who live in the province. We also have other companies like Newcrest who are involved in the Morobe Province and New Ireland.

There are many other examples where industry is helping to grow PNG and sustain the livelihood of communities where projects operate. Wafi Golpu's 'Mining Chocolate' project is helping local Watut cocoa farmers rehabilitate their plantations and sell their cocoa beans to Paradise Foods to manufacture chocolates.

There is the story of local landowner company, NKW which from humble beginning is now a fully-fledged Group running different subsidiaries specialising in catering, logistics, and agriculture and has also recently expanded its investments to Australia.

There is the success story of Trans Wonderland, who this year celebrate their 10<sup>th</sup> anniversary of operations, having come a long way from their humble beginnings.

For some of our projects, such as the Porgera mine, has contributed over K4.3 billion in taxes and royalties to PNG since its operations began.

Newcrest is also another huge contributor to PNG. It is one of the largest suppliers of foreign exchange to PNG, contributing US\$361.5 million to the national account through acquisition of K1.22 billion of currency during the past year.

The PNG LNG project since first gas production in 2014 has contributed around K5 billion. There are other projects as well that have contributed so much to this nation.

All in all, the mining and petroleum industry has contributed well over K27.579 million in export revenue according to the Bank of PNG's December quarterly report of 2018, and almost 29% of PNG's GDP according to the latest PNGEITI 2017 Report released in December 2018.

Prime Minister, the industry is also contributing to and has contributed to the development of the country's number one resource – our people.

Over 50,000 locals are either directly or indirectly employed within the industry as a result of the mining and petroleum sectors.

And there are many others which some you will witness tonight being showcased at our Industry Awards Night at the Hilton Hotel, this hotel being

another significant investment by our landowners with a global brand in the tourism and hospitality industry.

## **INVESTMENT ENVIRONMENT MUST BE RIGHT**

Ladies and gentlemen, as you can see, mining and petroleum companies contribute significantly to the socio-economic development of this country.

And in order for the industry to continue doing that, investors will need to be confident in the legal, fiscal and regulatory environment in PNG.

In a world of mobile capital, countries are in competition for foreign investment. As such to attract and maintain the right kind of foreign investment, we need world-class legislative framework that offer fair distribution of returns between the developers and the State, ensures security of tenure to investors and stability of investment terms, and provides protection for the environment, employees and communities.

As an industry, we are committed to supporting internationally competitive legislation that ensures modern regulation of the industry, whilst encouraging and maintaining investment.

## **PIPELINE PROJECTS MUST BE FULLY SUPPORTED**

How we all as partners work together will be crucial to maximising the outcomes from this next wave of projects.

The Wafi Golpu project has the potential to create thousands of jobs for our people and inject significant revenue into our country, money that can then be well utilised to develop our districts, and improve basic services.

The two major upcoming gas projects, the Papua LNG project, which is PNG's second LNG project led by Total with partners Oil Search and ExxonMobil, and the P'nyang gas field development led by ExxonMobil with partners Oil Search and JX Nippon, are projects of significant proportion which no doubt have the potential to contribute significantly to PNG's growth.

The extension of the Porgera mine lease will further contribute to national growth as well.

These are projects that have the potential to steer PNG out of the rough waters by contributing significantly, not only in State revenue, but the improvement of social services for our people.

But again, we need the environment to be investor friendly.

## **CONCLUSION**

Prime Minister, it is no accident that the theme of the conference is shared value as this is really what we are about. Investment brings a lot of benefits that are, I am sure, well understood; the challenge is "how do these benefits get effectively shared". At the end of the day, if the investor is not making an acceptable rate of return, no investment occurs, the resource stays in the ground, adds no value to anyone and the economy stagnates. There are no winners in such a scenario.

On the other hand, if the profits from an investment are not appropriately split between the Government who represent the people of the Nation as well as local Governments and Landowners, then the investment is not sustainable. We need to get the split right, but more than this, we need to communicate

this effectively to the people. This is in essence what this conference is about.

This conference is an opportunity for all of us to tone down the rhetoric, to better understand each other's perspectives and to work together to find the middle ground that will enable us to move forward as a nation. This is the role that the Chamber of Mines and Petroleum is trying to play where we want to strengthen relationship with the Government and other key stakeholders and inform the people of PNG about the immense contributions of the industry and why it is critically important that PNG remains an investor-friendly destination.

Prime Minister, we all want to see a stronger Papua New Guinea, a stronger economy, and a bright future for our country.

With that, Prime Minister I thank you for accepting our invitation to address this conference and we look forward to working closely with you and your Government.

Ladies and gentlemen, I hope you all find this conference fulfilling and exciting and wish you all the very best these next three days.