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MEDIA RELEASE

Social and economic benefits continue to flow from the resources industry

Investment in the mining sector is 'critical' to the development of PNG

The mining and petroleum resource industry continues to be a key contributor to Papua New Guinea's development goals, says the PNG Chamber of Mines and Petroleum.

The industry contributed over 26% of PNG's Gross Domestic Product and around 80% of the nation's export revenue valued at K23 billion (approximately US\$7.3 billion) as of September 2017.

The industry also directly employs over 20,000 people, with significantly more working in other sectors dependent on the industry, including landowner businesses.

"The resources industry has underpinned the PNG economy for decades, providing considerable social and economic benefits that have flowed to the government and the people of PNG," says Mr Gereia Aopi, President of the PNG Chamber of Mines and Petroleum.

"It continues to be a key contributor to PNG's development goals, investing millions of Kina in community development in sectors such as health and education, infrastructure including roads and airstrips, employment and training, and agriculture and livelihood programs."

The Chamber highlighted how the industry establishes and supports landowner companies and other PNG-based businesses that provide services to the project sites such as transportation, labour hire, catering, security, earthmoving, freight and logistics, janitorial services, agriculture, and livestock and livelihood programs to promote food security and agribusiness.

Mining Act

Mr Aopi says stable government policies and a favorable investment climate are critical for future growth in the PNG resource sector, and that the proposed changes to the Mining Act would undermine PNG's investment attractiveness.

"While we support the PNG Government's prerogative to update the legislation to meet the challenges of the 21st century, some of the amendments would pose significant deterrents for investment in future mining projects and would be a serious impediment to the operation of current mines in PNG," said Mr Aopi.

“When investors assess the investment risk and return potential of a country, they look at the legislative and policy framework as well as the total cost of doing business, including the levels of existing infrastructure to support a project. This calculation includes mining legislation, as well as taxation, fiscal and other policies. Considering this whole package, PNG has a high total government ‘take’ when compared to other countries.

“Independent modelling has shown that whilst PNG royalties in isolation might not be as high as other jurisdictions, the total take when including all taxes – including royalties, corporate tax, state equity and dividend withholding tax – is at the higher end of most countries. This is combined with a very low score on the World Bank’s *Ease of Doing Business* scale,” he added.

The Chamber continues to encourage the Government to undertake an independent review of the amendments, as envisaged in the 100 Day Plan, to ensure full understanding of the economic implications of the revised Act on the economy of PNG.

Significant growth potential

The Chamber believes there is huge potential for further development opportunities in the mining and petroleum sectors in the next three to five years, delivering benefits to the people of PNG, but these will not proceed unless investors are confident of the legal, fiscal and regulatory environment in PNG.

“The Chamber is committed to supporting internationally competitive legislation that ensures modern regulation of the industry, whilst encouraging and maintaining investment,” said Mr Aopi.

“We want to work with the government to achieve a legislative framework that will not only meet the needs of PNG, but will also continue to encourage active investment in the sector.”

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Caption: School children and teachers of the Simberi Primary School were proud recipients of books donated to the school by the Simberi Gold Mine in the New Ireland Province. Picture courtesy of PNG Chamber of Mines and Petroleum.

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