



July 29 2008

## NZ PNG BUSINESS COUNCIL NEWSLETTER

- **NZPNGBC AGM with Guest Speaker Gilbert Ulrich**

The NZPNGBC held their AGM in Mid July at the Crown Plaza, Auckland. At this event Chairman Keven Dent moved that the prepared Memorandum of understanding with the New Zealand Pacific Business Council be formally adopted by members of the NZPNGBC. This was accepted by the council's membership. The MOU is expected to be formally ratified during The Councils September Celebration of PNG Independence day. Following the AGM was a presentation from Gilbert Ullrich, Chairman of the New Zealand Pacific Business Council. Gilbert spoke on the strengthening of ties between the Business Councils and gave an informative overview of politics in the Pacific. Following the AGM was an informal lunch and networking.

- **FOREIGN LOGGING SHIPS FUEL ILLICIT TRADE IN PNG**  
*Guns, cigarettes among booty*

PORT MORESBY, Papua New Guinea (PNG Post-Courier) – Guns are brought into the country in logging ships and exchanged with locals for money and animal species. This was revealed by a project officer in Kikori, Gulf Province while listing the items confiscated by the Internal Revenue Commission team from a Chinese logging ship bound for Kikori. The officer, Max Malau, who has several health projects in Kikori and who travels there frequently, said the items like liquor, cigarettes, fertilisers, speakers, DVD players and pornographic materials were bound for Kikori where trading took place. The locals give the Chinese animals like cassowaries, cuscus, birds, possums, deer's and other materials in exchange for things like alcohol, cigarettes, pornographic materials, speakers, DVDs and possibly guns," Mr Malau said. He said the deals for guns were more secretive but there was enough information to suggest such activity was rife. Mr Malau asked the Government and the IRC Customs division to closely monitor and carefully check the logging ships when they came in and went out of the country. He acknowledged the IRC officers for "a job well done" and asked the Kerema police to do the same at their end.





- **PNG HIGHWAY REPAIR STALLED BY LANDOWNERS DEMANDS**

Highlands villagers want \$5 million compensation PORT MORESBY, Papua New Guinea (PNG Post-Courier) - The Okuk Highway rehabilitation project between Western Highlands and the Southern Highlands provinces has been shelved following hefty compensation demands from landowners, a source from the Department of Works revealed yesterday. The Togoba Junction to Ialibu section of the highway was funded by the national government under the Highlands Highway Rehabilitation Program. The National Government, through the NEC, allocated more than PGK500 million [US\$190 million] on the entire highway rehabilitation including this project. Landowners from Wara Kagul have demanded about PGK13 million [US\$5 million] from the Works Department before work could proceed, forcing the contractor to stop work. Western Highlands provincial Works manager John Puri confirmed Shorncliffe, the contractor engaged on the project, had stood down following the compensation demand. Work had already started from Ialibu towards Wara Kagul all the way to Paprabuk when the demand was made recently. MR Puri said the demand was excessive and while talks were underway between the Government and the landowners, the contractor had to stop work for safety reasons.

- **PNG PALM OIL COMPANY RECORDS RECORD PROFIT**  
**First quarter profit of \$37 million**

PORT MORESBY, Papua New Guinea (The National) – The New Britain Palm Oil (NBPOL) produced a record 80,764 tonnes of crude palm and kernel oil during the first quarter of this year, generating some US\$82.7 million (K227.51 million) in sales and a profit-before-tax of US\$36.7 million (K100.96 million). Figures from its first quarter report submitted to the Port Moresby and London Stock exchanges last Friday showed that from the 77,663 tonnes of crude palm and kernel oil during the same period last year, output rose 4% or 3,101 tonnes during this year's first quarter. [PIR Editor's note: New Britain Palm Oil Limited oil palm operations are based on the northern coast of West New Britain Province and are situated on the Western portion of the island of New Britain. The island lies to the east of Papua New Guinea mainland and is approximately 590 kilometers long and 80 kilometers wide.] NBPOL recorded total sales revenue of US\$82.7 million in the first quarter of this





year with a profit-before-tax of US\$36.7 million, up US\$32.2 million from the corresponding period last year.

- **PNG LANDOWNERS RESIST BIOFUEL PROJECT**  
**Cassava poor crop for New Ireland soil**

PORT MORESBY, Papua New Guinea (PNG Post-Courier) – The multi-million-kina biofuel project launched by the Prime Minister in Kavieng recently is being resisted by a group of traditional landowners. An influential landowner Minson Peni said this week the project would not be good for the people of Kavieng, of New Ireland and of Papua New Guinea. Mr Peni, a businessman and former pioneer in the aviation industry, said the cassava to be grown for producing biofuel was “carbon negative” and would not put nutrients back into the soil. The biofuel project is spearheaded by the same Korean company that has begun a similar project in the Rigo area of the Central Province. It is intended to grow cassava on a massive scale and use it to produce fuel for overseas markets. Sir Michael Somare was in Kavieng and spoke at the official launching. Mr Peni said the people in the planned project area, covering Kaut, Tome, Lokono and parts of Putput in the Tikana area of Kavieng, had not been given sufficient awareness about the cassava farming. “We will stop it. I was there at the launching and we are not very impressed. We have written a letter to the company telling them to cease activities,” he said.

- **MINING DEAL RAISES CONCERN IN BOUGAINVILLE**

Canadian company secures 70 percent rights WELLINGTON, New Zealand (Radio New Zealand International) – Opposition is mounting to a deal giving a Canadian company majority control of Bougainville’s mineral rights. Papua New Guinea’s Autonomous Bougainville Government has granted Invincible Resources 70 per cent access rights to the island’s vast mineral wealth. [PIR editor’s note: The National reported last month that Bougainville President Joseph Kabui admitted to receiving an US\$8,000 donation from the Vancouver-based Invincible Resources during his 2005 election campaign.] Bougainville President Joseph Kabui said the deal could be reviewed once the island is re-established financially and profiting from mining and other resource deals. He told reporters last month that he does not think they are running into a collision. But while Mr Kabui says the Invincible deal will heal scars from the country’s secessionist war that saw thousands killed, critics say it will re-open those wounds. The deputy speaker, the opposition, the Business Association, and landowners in Bougainville along with the PNG government are among those voicing such fears.





- **PNG PROVINCE GETS \$53 MILLION FOR INFRASTRUCTURE**  
**Manus Roads, jetties, airport slated for improvement**

PORT MORESBY, Papua New Guinea (PNG Post-Courier) – The National Executive Council (NEC) on Tuesday approved PGK140 million [US\$53 million] for Manus Province. Government sources earlier told the Post-Courier that most of the money would go towards infrastructure development. Transport, Civil Aviation and Works Minister Don Polye confirmed the decision by the NEC. Mr Polye, who earlier refused to comment on the NEC decisions, later confirmed the matter when asked about the Manus funds allocation. He said 70 per cent or K98 million would go to transport infrastructure of which K77 million would be for roadworks. Mr Polye the remaining amount would be spent wharves, jetties and upgrading the Momote airport. The Minister said K5 million would be for the airport, another K5 million for wharfs and jetties and the remaining for other infrastructure.

- **PAPUA NEW GUINEA CONSIDERS MINIMUM WAGE HIKE**  
**Current minimum is 35 US cents per hour**

PORT MORESBY, Papua New Guinea (PNG Post-Courier) – Workers who have been waiting anxiously to see their wages increase to suit the rising cost of living are likely to see their prayers answered soon. A senior government minister has indicated the National Executive Council recently approved a submission by Public Service Minister Peter O’Neill for the minimum wage to be increased. The minister, who did not want to be named, said most of the ministers had no option but to vote in favour of the submission because they were particularly “saddened” by the fact that most Papua New Guineans continue to receive very irrational wages against the ever increasing cost of living. While he could not confirm by how much the minimum wage rate is set to increase, he indicated that the Government may soon make an announcement. The submission was approved “a few weeks ago”. “Wages would be increased. The current minimum wage for workers in both the public and private sector is PGK74.50 [US\$28.71] a fortnight.[PIR editor’s note: Assuming a standard 40-hour work week, US\$28.71 breaks down to 35 US cents per hour.] That amount was set in 2002 when the PNG Trade Union Congress and the PNG Employers Federation agreed to increase the amount from PGK48 [US\$18.49] per fortnight, after the 1992 government led by Prime Minister Sir Julius Chan cut wages from PGK120 [US\$46.24] to PGK48 after advice from the World Bank. In 2002, the Sir Mekere Morauta government wanted to increase the minimum wages from K74.50 per fortnight to K120 but that submission faced deep resistance from the business community. That proposed increase never eventuated and since then the minimum wage has remained at K74.50.





- **PNG AIRLINE BEGINS SERVICE TO BRISBANE**

Inaugural flight of Air Niugini's new Boeing 767

PORT MORESBY, Papua New Guinea (PNG Post-Courier) – Air Niugini's Boeing 767-300ER aircraft started commercial service yesterday with the first service from Port Moresby to Brisbane, Australia. This follows approvals from Civil Aviation authorities in Papua New Guinea and Australia. The inaugural flight operating as PX 003 departed Port Moresby at 6.40am for Brisbane. It was expected to return to Port Moresby at 1.40pm before going back to Brisbane at 3 o' clock in the afternoon. The aircraft overnights in Brisbane last night and will return to Port Moresby this morning to before heading to Singapore in the afternoon.

- **PNG Bank Workers To Go On Strike**

*ANZ employees demand 50 percent raise*

- **MINING DEAL RAISES CONCERN IN BOUGAINVILLE**

*Canadian company secures 70 percent rights*

WELLINGTON, New Zealand (Radio New Zealand International) –

Opposition is mounting to a deal giving a Canadian company majority control of Bougainville's mineral rights. Papua New Guinea's Autonomous Bougainville Government has granted Invincible Resources 70 per cent access rights to the island's vast mineral wealth. [*PIR editor's note: The National reported last month that Bougainville President Joseph Kabui admitted to receiving an [US\\$8,000 donation](#) from the Vancouver-based Invincible Resources during his 2005 election campaign.*]

Bougainville President Joseph Kabui said the deal could be reviewed once the island is re-established financially and profiting from mining and other resource deals. He told reporters last month that he does not think they are running into a collision. But while Mr Kabui says the Invincible deal will heal scars from the country's secessionist war that saw thousands killed, critics say it will re-open those wounds. The deputy speaker, the opposition, the Business Association, and landowners in Bougainville along with the PNG government are among those voicing such fears. The AAP news agency says the groups also claim public opinion in Bougainville has swung against Mr Kabui's decision making. Mr Kabui last week sacked his economic and investment adviser and the outspoken minister for women Magdalene Toroansi, one of two government ministers against the Invincible deal.

- **LANDOWNERS WANT MORE FROM PNG'S RAMU MINE**

*Developer not providing job contracts for locals*

**By Jason Som Kaut**





PORT MORESBY, Papua New Guinea (The National) – They presented a list of 15 spin-off contracts to Madam Lu, head of developer China Metallurgical Company (MCC) last week. The landowners want these contracts to be awarded before the signing of the memorandum of agreement. They made their intentions known during last week's mining review at the Madang Resort Hotel attended by Minister for Mining Dr Puka Temu, Governor Sir Arnold Amet and MCC representatives. The review has been postponed for four weeks during which outstanding concerns including spin-off benefits and calls for an independent environmental assessment plan will be addressed. Former chairman of Kurumbukari landowners and current executive David Tikabu claimed that 90% of spin-off businesses were going to Chinese companies and therefore most of the money was leaving PNG shores. Kurumbukari are owners of the special mining lease (SML) area. "Assurance after assurance has not seen any substantial spin-off businesses awarded to us to participate meaningfully in the construction phase," he said. Mr Tikabu said the company was unreliable and unresponsive to landowners' concerns. "The way she's going, she can't offer us anything; that is our concern," he added. There are an estimated 3,000 people residing in the SML area. The landowners claimed that of the estimated K600 million [US\$232.7 million] construction budget, only K10 million [US\$3.8 million] was to be awarded to local companies. On the directive from MCC, landowners had formed umbrella companies to undertake spin-off activities. But to date, this has not been done, they said. Mr Tikabu said there were a lot of small jobs that were being done by Chinese. "Our rights are being denied and we want this to stop now," he said. It is understood MCC had only awarded a road contract for the construction of the southern road. He said they had the manpower and skills and were ready to undertake major projects. Discussions were still being held in view of the review expected in four weeks time.

- **PNG DEVELOPMENT BANK SELLING COFFEE PLANTATIONS Eliminates nonperforming loans to improve production**

PORT MORESBY, Papua New Guinea - The Waghi Mek Plantation Group Ltd in Western Highlands province owes the National Development Bank (NDB) over PGK2 million [US\$765,000] to be a long-term bad debtor. After five years of waiting, the NDB is now selling the plantations under its mortgagee powers and from guarantees given to NDB by the Waghi Mek plantation group when it obtained its loans. NDB managing director Richard Maru said NDB is selling the plantations to recoup monies owed by WMPG and to help rehabilitate the plantations which used to be a top coffee supplier. However, Mr. Maru said NDB may not recover all of the monies owed as there are other plantations still up for grabs. WMGP had 11 plantations in operation before they were seized by Waghi landowners who were also shareholders. The





estate was seized due to problems related to WMGP's management. With mortgagee powers over seven plantations, NDB is now calling on landowners to acquire the property under NDB's "sale of plantations" program and get them back into operation.

- **Australia warned against excluding PNG from workers scheme**

Papua New Guinea (PNG) said relations with Australia will be wrecked if its workers are excluded from a planned pilot scheme to bring Pacific islanders to Australia as seasonal workers, *ABC online*. PNG's high commissioner in Canberra Charles Lepani issued the warning ahead of expected Federal Cabinet discussions on a trial of the scheme this week. The scheme would see Pacific islanders allowed into Australia to help pick and package seasonal crops. No announcements have been made, but there is speculation that PNG will not be included. "It will be a tragedy if that happens," Mr Lepani told participants at a conference in Sydney on the planned scheme. "It will set our PNG-Australia relations in a very negative light again." Relations between Australia and PNG had improved under the current Government after souring under the previous Howard Government. "There is no reason, no reason whatsoever that Australia should forget or exclude Papua New Guinea from any initial pilot programs on seasonal labour," Mr Lepani said. Mr Lepani said poor relations with Port Moresby had security and economic implications for Australia. "All these will be put to the test if I may venture to say on this labour mobility issue or seasonal worker issue," Mr Lepani said. An economist from the Australian National University, Satish Chand said New Zealand's very successful seasonal work visa scheme had targeted a number of other Pacific countries, and that Australia had a responsibility to PNG. He said he had also heard that the Australian scheme would exclude Papua New Guinea. "If we did it would be bad economics, it will be bad politics, and it will be bad international relations. On the bad economics remember PNG is the largest pool. So if you wanted workers then you go to the largest pool rather than a pool that's already being tapped into by New Zealand." Australian Prime Minister Kevin Rudd is expected to announce the scheme at the Pacific Islands Forum in Niue in August...PNS (ENDS)

- **GRASSROOTS BANK IN PNG EMBARKS ON EXPANSION**

*Wau Microbank plans 20 branches by 2010*

PORT MORESBY, Papua New Guinea (PNG Post-Courier) – Wau Microbank, commonly known as the grassroots bank, has embarked on a major expansion program that





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will see it become a national bank within the next five years. Kick-starting the ambitious plan yesterday, the bank changed its name to Nationwide Microbank Limited and opened its seventh branch, in Port Moresby. The bank plans to operate 20 branches throughout Papua New Guinea by 2010 and have a client base of more than one million customers by 2013. It also plans to list on the Port Moresby Stock Exchange within the next two years. The bank currently has branches in Wau, Bulolo, Lae, Kainantu, Wewak, Madang and Port Moresby. Chairman Ray Clark said the bank's objective was to provide microfinance services to ordinary Papua New Guineans. "I assure the people of Papua New Guinea that Nationwide Microbank will live up to its name of being truly nationwide," Mr. Clark said during the Port Moresby branch opening yesterday. Over the last two years, the microbank has increased its total assets from PGK4.3 million to PGK22.2 million [US\$1.6 million to US\$9 million] with total deposits increasing from PGK2.8 million to PGK15.6 million. Its loans also increased from PGK600,000 to PGK5.5 million. Wau Microbank was established in 2004 in the tiny township of Wau, Morobe Province, as a pilot project under a joint agreement between the Government and the Asian Development Bank (ADB). Nationwide Microbank currently provides savings services to about 43,000 individual customers and credit facilities to about 8,000 clients. Its savings and loans products are designed to meet the daily needs of low income earners, self-employed individuals and small businesses. People can open a savings account with only PGK40. Loans with a minimum level of PGK200 are provided for low income earners and self-employed customers. Loans for micro and small to medium enterprises depend on the particular needs of the business. Studies conducted by ADB in 2000 showed that about 31 percent of the country's 6.5 million people live below the poverty line of US\$1 per day. ADB said the problem could be alleviated if people in mainly rural areas and the poorer strata of the population were provided with modern and affordable savings and loans services. Bank of PNG Governor Wilson Kamit commended Nationwide Microbank for its efforts in serving the ordinary people, saying the bank must ensure sustainability in its drive for expansion. "Challenges continuously faced by the financial sector are the tendency for the board and management to become complacent in the management of the institutions, to ignore good governance and accountability standards and allowing non-commercial pressures to derail good commercial practice," Mr. Kamit said. He presented Nationwide Microbank with its new banking certificate. The first customers to open savings accounts with the Port Moresby branch were three second-hand clothing vendors and a vegetable farmer.

- **PNG STOCK EXCHANGE POSTS RECORD HIGH  
POMSOX breaks through 7,000 barrier**





MELBOURNE, Australia (Radio Australia) –In Papua New Guinea, the Port Moresby stock exchange has posted new record highs again this week, breaking through the 7,000 point barrier. The new record means the Port Moresby exchange has gained 27 per cent this year, defying international trends, which have seen the world's big exchanges suffer heavy losses. Syd Yates, managing director of the Kina Securities, has told Radio Australia's Pacific Beat program, PNG is going through a mini-boom at the moment, thanks to the high cost of oil. "You know there's more money coming into the country," he said. "We are experiencing a property boom - prices have probably doubled in the past 18 months. "We've got more people coming in - we don't have enough hotel rooms to support them, so it's probably just a general effect it's having on Papua New Guinea at the present."

- **PNG LANDOWNER COMPANY GETS OIL AND GAS PERMITS**  
**First time that landowners will totally control exploration**

PORT MORESBY, Papua New Guinea (The National) – Prime Minister Sir Michael Somare, accompanied by the Petroleum Minister William Duma presented three oil and gas exploration permits to a PNG landowner company in Telefomin, West Sepik province, last Thursday making it the first ever in the history of mining and petroleum in PNG. Sir Michael said the landowner company Min Oil Resources will not only benefit from royalties but will receive more from taxes and equity unlike past arrangements. He further said Min Oil Resources is the first among PNG landowners to be awarded the licences giving them the power to screen and bring in their own financiers, exploration companies and developers to search and develop oil and gas resources in their area. Previously, Petroleum Prospecting Licences (PPL) was only awarded to foreign exploration companies to conduct mining and petroleum explorations in PNG.

- **PNG GOVERNMENT CONSIDERS FUEL SUBSIDY, TAX CUT**  
**Somare looking for relief from high fuel costs**

PORT MORESBY, Papua New Guinea (PNG Post-Courier, July 2, 2008) – The PNG National Government yesterday announced it would subsidise the cost of fuel. The Prime Minister Sir Michael Somare said in Lae that this was one of two options that the Government is considering to relieve the pressure on the economy brought about by the rising cost of fuel worldwide. Sir Michael said the National Executive Council (NEC) will decide next week whether to subsidize the cost of fuel or reduce tax on fuel products. Sir Michael said the Government was aware that the high cost of fuel was having a big impact in the lives of people and businesses in the country but there was little it could do to halt the increase as the souring price was being felt the





world over including Papua New Guinea. "The NEC will meet next Wednesday (July 11) and decide whether to subsidise the cost of fuel or reduce taxes on some fuel products," the Prime Minister announced to the public in Lae when he officiated at the ground breaking ceremony of the Lae roads project and the opening of the new Bumayong market building. Sir Michael said the Government had looked at ways to provide relief to the people who were feeling the impact of the high cost of fuel and had narrowed its options down to the two.

- **OIL SEARCH SHARES SOAR AFTER CRUDE CLIMBS TO \$142**

PNG government holds stake in Sydney-based company PORT MORESBY, Papua New Guinea (The National, July 2, 2008) – PNG Oil Search shares soared by AUS\$0.26 to a record AUS\$6.80 yesterday after crude oil prices rose to a high of US\$142.38 a barrel with forecasters anticipating it could hit US\$185 in the next 12 months. [PIR editor's note: Oil Search Ltd., based in Sydney, Australia but incorporated in Papua New Guinea, owns about 70 percent of PNG's oil reserves and over 50 percent of gas reserves dedicated to the PNG Gas Project. The PNG government holds a 17.6 percent stake in the company.] The increased price continues to cement the Oil Search position as PNG's largest listed stock on the Australian Stock Exchange. Lihir Gold, which is the second largest PNG listed stock on the ASX, recently merged with Equigold Ltd but recent uncertainty over its performance at the big Porgera mine has held back its share price. Despite the merger Lihir is valued at around AUS\$7 billion, below its previous AUS\$8 billion valuation prior to the announced merger with Equigold.

- **CHINESE FIRM TO BUILD \$35 MILLION PNG HYDRO PLANT**

18 megawatt power plant to supply gold mine PORT MORESBY, Papua New Guinea (The National, July 7, 2008) – PNG Power Ltd has signed a PGK90 million [US\$35 million] contract with a Chinese company for the construction of an 18 megawatt hydro power station at Yonki for additional power generation to supply the Hidden Valley gold mine. PNG Power contracted China National Electrical Equipment Corporation (CNEEC) under an engineering procurement and construction (EPC) contract last Friday to construct the power station at Yonki Toe, a part of the Yonki dam in Eastern Highlands province. PNG Power acting Chief executive officer Tony Koigiri said the signing concluded over 16 months of exhaustive negotiations between PPL and CNEEC paving the way for the latter to design, procure and construct the 18 megawatt hydro power station and associated grid connection. He said the total cost of the project was K90 million with the funding from PNG





consortium of financial institutions led by Bank South Pacific. Other consortium partners are ANZ, Westpac, Nambawan Super and Nasfund.

- **PNG – MORTALITY RATE**

**More PNG mothers dying**

(Pacnews) ----- An international health conference underway in Australia is concerned about Papua New Guinea's (PNG) deteriorating health services and its high maternal mortality rate, *reports Post Courier*

That rate is now 870 deaths per 100,000 live births. This is an increase from 370 per 100,000 live births 10 years ago. This also puts PNG as having the second worst figures for maternal fatalities in the world, second to a country in Africa which has 970 per 100,000 live births. President for PNG Medical Society Dr Mathias Sapuri, when giving the report at the conference, urged the PNG Government to set up a medical inquiry to find out the causes of the maternal mortality rate and come up with solutions to the problem "Papua New Guinea has the highest number of women dying in the Asia-Pacific region. I am very concerned about it," Dr Sapuri said. He presented a paper on population and women's health in PNG to the more than 5000 participants from different parts of the world in which he said improvements made in health were on family planning knowledge by women which increased from 72 per cent in 1996 to 75 per cent in 2006; 77 per cent of women in 1996 received antenatal care which has increased to 86 per cent in 2006; women who had supervised delivery (increased from 69 per cent in 1996 to 72 per cent in 2006; and women who have delivered at a health facility (53 per cent to 59 per cent). The national fertility rate was 4.8 in 1996 and had gone slightly lower to 4.3 in 2006. The number of women using contraceptives to plan their families has also increased by 10 per cent. He said there were areas where PNG was continuing to do poorly, including the number of women dying when giving birth every year. According to the National Demographic Survey 2006, 1200 mothers died due to pregnancy related complications in 1996 and 2000 in 2006. "The development partners are very concerned about the high number of women dying due to pregnancy related issues. We as a nation must do something about it," he told the *Post-Courier* from Brisbane yesterday. He also said the population in PNG was growing rapidly and not keeping up with the social development.....PNS (ENDS)

- **DIGICEL PNG TO USE COCONUT FUEL TO POWER NETWORKS**

(PNG Post-Courier) –Papua New Guinea could be the first country in the world to have its mobile phone networks powered by coconut fuel. Irish company, Digicel, is





carrying out trials on Bougainville amid growing concerns about soaring fuel prices and global warming threats. [PIR editor's note: Digicel Pacific is a sister company to Digicel Group, an aggressive mobile phone company that has been operating in the Caribbean since 2001. Digicel Pacific began operations in Samoa in 2006, recently in Tonga, and currently has licenses to operate in Papua New Guinea, and Solomon Islands (Digicel Fij's license has not yet been granted). The company claims to have driven mobile rates down by up to 50 percent in the Caribbean.] The trials are being carried out at one of Digicel's towers in Lontis on the far north of Buka Island. [PIR editor's note: Buka Island is located just off the northern tip of the autonomous Papua New Guinea province of Bougainville. Buka is the second largest island in the province of Bougainville] Digicel began operations on Bougainville in March this year and contracted a Buka-based engineering firm owned by businessman Matthias Horn, to carry out the trials. The pilot project is expected to run for about three months.

- **PNG GOVERNMENT TO LOWER TAX ON GASOLINE**  
**Move to save consumers \$43 million**

PORT MORESBY, Papua New Guinea (PNG Post-Courier) – Papua New Guinean motorists and boat owners will see a reduction of fuel prices come September 1, Acting Prime Minister Dr Puka Temu announced in Parliament yesterday. Dr Puka Temu yesterday took pride on behalf of the Government in announcing the significant reduction of excise tax rate on fuel products which will cut the price of fuel considerably. Dr Puka Temu said that this will make Papua New Guinea's taxation of fuel extremely low by international standards. "From September 1, the excise rate on diesel fuel will be halved, from six toea to three toea per litre, the excise rate on unleaded petrol will be cut by one-third, from 61 toea to 40 toea per litre and the excise tax on zoom will be abolished completely, from 31 toea per litre to zero," Dr Puka Temu announced. "If the price of oil continues to increase at the rates that it has over the first half of the year, these actions will not necessarily result in an absolute reduction in the price of fuel at the pump. However, they will mean that prices will be lower than they otherwise would have been and will translate into an approximate annual saving to PNG households and businesses of more than PGK110 million [US\$43.3 million].

