

Monday, 28 August 2006

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From:
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Mr. Thomas Abe,
Commissioner and C.E.O.,
Independent Consumer and Competition Commission,
Angau Drive, Level 1 Garden City Complex,
P. O. Box 6394,
BOROKO 111
NATIONAL CAPITAL DISTRICT.

Dear Mr Abe,

PNG AIR TRANSPORT INDUSTRY REVIEW – DRAFT REPORT

I hope that I am not too late to follow up on my initial submission dated 21 April 2006 and I look forward to attending the Public Hearing tomorrow 29 August 2006.

The Draft Report highlights certain matters however with regard to my submission I wanted to emphasise, that at present most travellers seems to travel to and from PNG because they “have to” and this has had an adverse impact on tourism for PNG and also served to give Qantas and Air Niugini “unnatural” income without competition.

Although I will admit that with Airlines of PNG now operating a B737 on the BNE/POM/BNE Sectors, the monopoly enjoyed by Air Niugini and Qantas might be coming to an end.

Given also you other important Review “PNG Tourism Industry Review” it seems import that you could link the two Reviews by detailing the role that the current air fare structure seems to play.

On page 28 of the Draft Report (at para 4) there is a mention of the type of travel, but my point is that PNG is currently being disadvantaged because the airlines and the governments (over the years) don't seems to have focussed on and recognised that for PNG, most international travellers travel “because they have to”. In this regard I refer you to page 2 of my Submission dated 21 April 2006 and in particular the comments at the bottom of that page and on to page 3.

It would be illuminating for readers and Policy Makers, if your Report included such detail as I wrote, so that it shows “in plain English” the type of traveller mostly using the international services between PNG and Australia (and possibly the rest of the world).

Page 28 of the Draft Report (para 4) should highlight that in PNG because most travel overseas is “for business” the “consumption choice” does not prevail. This market at present is distinguishable from those near us in this regard and the Final Report needs to show this, so that policy makers in both private and public sectors can act accordingly.

Can you please reconsider that please and change the Draft Report on page 28 appropriately.

In my many discussions with people about air fares, not once has anyone ever volunteered this type of analysis to me. I really doubt that too many people and commentators stop to think about it and the impact it has on air fares, and the encouragement it gives to Air Niugini and Qantas and governments to keep their fares and taxes high and forbidding.

I would also like you to follow that with the statistics please on Tourism arrivals. It's only recently I read in the papers that a visiting academic from Australia was quoted as saying that PNG received about 50,000 tourists pa. That is simply not true according to my analysis of the Statistics.

In my view we receive about less than 20,000 pa, and this needs to be emphasised and also it will serve as a useful link between the Air Transport Review and the Tourism Review. These two industries are so interdependent that the Reviews you are undertaking need to be linked often and not left to be read and digested in isolation.

So can you please include this statistical analysis because it will be make people think twice?

Perhaps governments have to change their tax base to foster a better air industry and tourism industry and these two areas I have highlighted will help identify that policy shift.

So thank you.

The other matters that I would like to mentioned are:

- **List and details of Submissions** *(Your Issues Paper mentioned that Submissions would be made public. I hope that is still the case and that the Final Report publishes a list of all parties who made Submissions.)*
- **Cost of the Inquiry** *(The Final Report must also include details of what it cost to conduct this Inquiry including full details of sums paid to all Contractors such as PriceWaterhouseCoopers and a statement that the provisions of Foreign Contractors Tax, Foreign Exchange, IRC, PNG Withholding Tax etc were complied with.)*

Thank you for encouraging me to take part in this Inquiry. I have appreciated it immensely, and I look forward to the Public Hearing tomorrow and the Final Report issuing in September.

Is there a Statement from Treasury to commit to their using the Final Report and not allowing it to gather dust on the shelves?

With best wishes,

Yours sincerely,

David WW Olley B Bus F Fin