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Official launching of ICCC Website and Newsletter



Commissioner Thomas Abe addressing the invited guests during the launching.

It was a milestone achievement for the Independent Consumer Competition Commission following the official launching of the ICCC website and newsletter at its head office in Boroko on 30 March 2005.

It was officially launched by ICCC's Commissioner and Chief Executive Officer Mr Thomas Abe. In his official messages Mr Abe said it is now a common trend both in business, commercial industries and the government sector whereby modern technology and multi-media is adopted to enhance communication and to promote the image of the organisation concern.

In announcing the launching of the website and quarterly newsletter, the Commissioner said that the occasion marked yet another major achievement for the ICCC in its short period of establishment.

"The website and the newsletter are part of the Commission's overall strategy to strengthen awareness on the functions and work of ICCC amongst businesses, govern-

ment agencies and consumers", Mr Abe said.

"The inaugural quarterly ICCC Newsletter introduced the ICCC as an organisation, its roles and functions, the Commissioners and the senior management team including some news for the businesses, consumers and the public. Future issues will cover important ICCC event, domestic and international regulatory news, news announcements and issues on consumer rights, competition, fair trading and other relevant issues."

"The website in particular will be very useful as it will contain much more valuable information and resources for the benefit of online users.

"The website will contain links to the Commission's core function, Corporate Plans, completed reports on pricing reviews, pricing information on declared goods and services, a public register on the Commission's decisions on mergers and acquisitions, market conduct rules, consumer rights,

regulatory contracts, the ICCC Act and other useful information."

Mr Abe further stressed that the information on the website will be very useful for policy makers in the government and businesses who are required to comply with the ICCC Act as well as have access to the Commission

Mr Abe reminded the guests that the launching of the website was a land mark achievement for ICCC because one of its roles is to protect consumers from unscrupulous traders and consumers who wish to lodge their complaints can fill in their complaint forms on the screen and submit online which will allow ICCC to respond promptly with appropriate action.

He encouraged consumers to visit the website to get a better understanding of their rights and responsibilities so that their interest can be protected and those responsible for the production and services are held responsible and that they trade and gain fairly.

From the Commissioner's Desk

Dear Readers,

This is the second issue of the ICCC Brief which is released quarterly. The inaugural launching of this newsletter was in March this year. The launching coincided with the launching of the Commission's website; www.iccc.gov.pg. In this issue we will highlight some of the important work in the core functions of the Commission in particular, decisions on competition merger cases, pricing reviews, consumer protection programs and our strategies to network with various government bodies to effectively carry out our work.

As the successor in law to the former Prices Controller and then Consumer Affairs Council, the ICCC regulates prices for a limited number



**Mr Thomas Abe
Commissioner**

of declared goods and services such as, rice, flour, canned fish, water and sewerage services, PMV and taxi services and fuel. These declared goods and services have never been properly reviewed in the last 15 – 20 years. The Commission has undertaken to review this list and it was an unprecedented achievement when we suc-

cessfully completed a major pricing review on petroleum industry and water and sewerage in 2004.

The ICCC is also the economic regulator for certain state owned monopolies. These industries are telecommunications, electricity, ports and harbours, postal services and compulsory third party motor vehicle insurance. In each case, there is legislation specifically relating to the industry and the ICCC is empowered in that legislation as the economic regulator and for certain industries, also the licensing authority. These entities are also regulated through Regulatory Contracts under the ICCC Act, which specify the principles and conditions under which the prices, service quality, service standards and future investment

requirements of those entities are to be set. Each regulatory contract sets out a price path for the particular utility so there is certainty on how it may price its services into the future, as well as providing service quality standards and penalties for failing to meet those standards.

As part of the Government's wider economic reform program, the Commission also has responsibility under Part VI of the ICCC Act 2002, to promote competition and fair trade in the market place and promote economic efficiency in industry structure and investment which will enhance the welfare of the people through the availability of more and better goods and services at appropriate prices.

External advisers and our own consultants have been engaged to assist in these regulatory reviews, pricing models and competition cases as well as to train our

staff so that in future PNG can have its own expertise to undertake these work in future. I am committed to ensuring that technical staff at the Commission are exposed to relevant training and skills enhancement programs relevant to their work in the Commission.

I am determined to create a competition regulator that adopts world's best practice drawing from the experience of competition and economic agencies around the world. Hence, it is important at these early stages to create the right culture and lay the foundations to realize this goal.

I welcome comments from the readers on any aspect of our work that will contribute towards improving our performance as the consumer watchdog and the economic regulator.

**THOMAS ABE
Commissioner**

Core functions of ICCC

PRICE AND REGULATORY AFFAIRS DIVISION

It was briefly stated in the first quarter newsletter that the Prices and Regulatory Affairs Division performs one of the Commission's key technical function in regulating prices of certain declared goods and services under the revised provisions of the Prices Regulation Act. The Division also regulates the issuing of licenses, tariff, performances and level services provided by regulated entities such as PNG Power, Telekom PNG, Harbours Limited, Post PNG and Motor Vehicle Insurance Ltd as governed under their respective Regulatory Contracts.

Under the division, there are two branches; Regulatory Affairs and Prices Branch. The division's report which highlight some of the activities, reviews achievements and plans for the future are presented below under each branch.

REGULATORY AFFAIRS DIVISION

The following outlines some of the major activities performed by the Division on each of the declared regulated entities since 2003. These entities and the services they provide are declared under the Part III of the ICCC Act and operate under the confines of

a regulatory contract agreed to between each entity and the Commission.

Telikom

Telikom ("Telikom PNG Ltd and Pacific Mobile Communications Ltd") has been operating over the last two years in an environment of uncertainty due to the partial privatisation exercise thus as a result has not been able to implement most of its regulatory obligations under the regulatory contract and licences. The Commission having being mindful of this scenario has not been able to enforce these regulatory obligations on Telikom however, now that the partial sale process has been delayed, the Commission is now working towards completing the regulatory contract review later this year. After completing this review, one of the Commission's major objective will be to enforce the provisions of the regulatory contract and licenses mainly relating to service standards.

The Commission has received more than 30 VSAT applications from individuals and businesses. Five applicants (ADB, WHO, UNDP and the World Bank) have been granted exemptions to comply with the Governments obligation to international conventions. All other applications



L-R Back Row: Wau Guma, Win Waring, Henao Ani, Billy Gigmai and Samson Rowaro. Front Row: Vali Tavaperry, Taunao Vai (Head of Division), Paulus Ain and Fego Ota.

are currently before Telikom for its written consent or otherwise as required under the regulatory contract. Telikom currently holds a monopoly over the supply of mobile services throughout PNG and fixed line services within a one kilometre radius of its existing designated operations area.

Telikom has not applied for any price increase for its regulated fixed line and mobile services since 2003 thus the prices charged in 2003 still apply to this date.

PNG Power Ltd

The Commission has granted PNG Power Ltd (PPL) three price increases over the last two years.

The first price increase of 12.5% was applied in August 2003, the second increase of 9.1% in January 2004 and the third one (12.5%) in January 2005. PPL delayed its price increase for domestic and general supply customers until 1 June 2005.

The increases allowed was as a result of several important considerations, principally arising from a need to move prices in line with the movement in underlying costs over recent years. Importantly, PNG Power since the beginning of 2002 has not applied the maximum allowable tariffs according to the regulatory price path as set in the Regulatory Contract. As a result, PNG Power

has not fully recovered the costs of providing the electricity services and consequently, customers have enjoyed much reduced prices since 2002

Note that under the Regulatory Contract the Commission sets the maximum average price cap for each regulatory year and PNG Power has the option of charging up to the maximum allowable price cap set by the Commission. Since 2002 PNG Power Ltd has been charging customers a lower average price compared to the allowable price cap set by the regulatory contract.

The increase is to allow PNG Power to move back to the average price cap level set by the regulatory contract, while at the same time taking into consideration the adjustment allowed under Regulatory Contract for inflation and actual movements in exchange rates and fuel costs over the period.

The Commission approved these increases in accordance with the provisions of the regulatory contract however after being satisfied that the increases are justified through a rigorous calculation methodology.

PPL currently has four licences (Generation, Transmission, Distribution and Retail) with exclusivity in the retailing aspect for consumers

Core functions of ICCG

whose demand is not greater than 10 Mega Watts. The Commission to date has received four (4) applications from businesses of which one has been granted an exemption from the requirements of licensing. These exemptions are granted on the basis that they are producing electricity for their own consumption and not to directly compete with PPL.

The Commission is also authorised to perform the technical functions of electrical inspections type approval of equipments, wires, appliances, fittings and testing and licensing electrical contractors. These functions are currently delegated to PPL due to the incapability of the Commission to carry out these functions at the stage.

Motor Vehicle Insurance Ltd

The Commission regulates the premiums for third party insurance as well as service standards particularly relating to the processing of insurance claims from consumers. MVIL has not applied for a premium increase since January 2003.

Post PNG Ltd

The Commission undertook a major review into the postal services regulatory contract in 2004 to set the next regulatory contract that will run for five years expiring in December 2009. The new regulatory contract established the price path and price

adjustment methodology for regulated postal services (i.e. 50g domestic and international mail and private letter boxes) based on the assessment and determination on Post PNG's efficient operating costs, its capital expenditure requirements, debt and equity obligations and minimum service standard requirements as well as movements in the foreign exchange rates and inflation. The review was conducted in a public and transparent manner.

Out of this review, the Commission approved the following increases for regulated postal services;

• 50g Domestic Mail	K0.75
• 50g International Mail	
- Zone 1	K3.00
- Zone 2	K3.10
- Zone 3	K5.20
• Private Letter Boxes	
- Small	K56.78
- Medium	K144.14
- Large	K378.38

PNG Harbours Ltd

PNG Harbours has applied for and granted two tariff increases for its essential port service charges. The first increase of 29.4% was applied in January 2004 and the second increase of 4.1% was applied commencing January 2005.

The increase was mainly attributed by the inflation which in 2003 was 18%, and

and certification of all the weighing and measuring instruments used for trading including scales for commodity buyers, airline scales and weighbridges in major plantations, inspections on consumer product labels and conducting awareness on the roles and functions of the Commission and rights and responsibilities of consumers.

ICCG Happenings and Achievements:

Since the inception of the Commission through passage of law from former Consumer Affairs Council (CAC) to the new Commission in May 2002, the Commission through the Division was able to establish a number of new initiatives and progressed existing work left by the former CAC:

The work of ICCG Agents:

One of the strategies put in place by the Commission is to effectively network with relevant and strategic organizations, private or public in order to effectively share information, resources where necessary and support the work of one another in carrying out their roles and functions in the light of limited resources.

Since the bulk of our people live in the rural districts and towns of the Provinces, the Commission sees the need to network with the Provincial Governments in order to engage the Business Development Officers (BDOs) who have already been doing business development activities and most importantly to leverage on the existing Provincial Government infrastructure including communications and systems to carry out the Commission functions. This has been pursued and so far in the space

to allow PNG Harbours to be within the regulatory price path. It should also be noted that PNG Harbours did not take any price increase in 2002.

Way Forward

The Commission is planning to review the Regulatory Contracts of PNG Power, PNG Harbours and MVIL in 2006 and complete the telecommunications by the end of 2005. The Commission is beginning to enforce the service standard requirements this year with some entities while other will be reviewed.

PRICES BRANCH

Under the revised provisions of the Prices Regulation Act, the Division commenced and completed public reviews of the Petroleum Industry and the Water and Sewerage reviews for services provided by The Waterboard and Eda Ranu. Details of the Commission's final price directions and determinations are outlined in the Final Report for each industry.

Towards the end of 2004, the Commission commenced the public review on the Flour Industry and in January 2005, the Rice Issues Paper was released. As part of the public transparent process, the Commission invited comments and submissions from interested public, consumers and stakeholders to assist the

Commission in deciding the best regulatory option for each industry. The Flour Report is at its final stages with the Final Report due for release at the end of June while the Draft Report recommending possible regulatory options is scheduled for release in early July.

In March 2005, the Commission granted an interim fare increase to PMV's operating in the National Capital District by increasing adult fares from 50 toea to 70 toea while fares for school children remain at 30 toea. Further to the interim fare adjustment, the Commission has plans to undertake a nationwide review of the PMV and taxi fares. The Issues Paper for PMV and taxi is due for release at the end of June and once again, the Commission having raised various issues for discussion and comments in the Issues Paper is calling on the general public and stakeholders to participate in this review process.

Way forward, the Commission has further plans to conduct reviews of other declared goods and services such as stevedoring & handling charges, canned corned beef, canned fish (mackerel & tuna), poultry and sugar. The Commission will also review the wholesale and retail margins that apply to price control goods that are sold at the wholesale and retail sectors.

CONSUMER PROTECTION DIVISION

The ICCG as a successor in law assumed the functions of the former Consumer Affairs Council (CAC), including the enforcement of the Price Regulation and Trade Measurement Acts. Thus the ICCG assumed responsibility for setting, regulation and monitoring prices of regulated and declared goods and services, protecting the rights and interests of consumers, monitoring standards for the ethical conduct of those engaged in the production and distribution of goods and services.

Although the provisions relating to the protection of consumers in the ICCG Act are relatively new and general, it is envisaged that over time, the provisions will be further tested and developed to meet the requirements of Papua New Guinea. Outlined are some of the major activities conducted by the Commission as per the Commission's 2005-2007 Corporate and Business Plans.

Key Performance Indicators:

The Commission has a set of Key Performance Indicators based on Key Priority Areas identified by the Commission as important to achieve the Commission's visions and objectives. The KPIs for the Division are in terms of the effectiveness and success in; handling and resolving consumer complaints and where appropriate refer them to the appropriate agencies and make sure the complaints are resolved, monitoring the prices of regulated and declared goods and services, including fuel and making sure that the prices are charged as per the approved whole sale and retail margins, calibrating



L-R Back Row: Titagiwing Warong, Boyd Naria, Sam Sari, John Goava and Joe Cajetan (Head of Division) Front Row: Bernard Walei, Ilaita Gigimat, Nanai Lahui-Oreke and Bill Boiu.

of eighteen (18) months the Commission has signed Memorandum of Understanding (MOU) with 16 Provinces, appointed ninety-four (94) BDOs and of these 94, trained and commissioned 53 BDOs as Commission Agents.

The MOU sets the guideline and parameters of which both organizations will operate and support each other in terms of this important partnership and networking. The Commission Agents in particular and according to the MOU will be used mainly in the area of carrying out surveillance and price monitoring on the declared goods and services like mackerel tin fish, brown and white rice, tea, brown and white sugar, flour, meat can corn beef, powdered and concentrated milk, ground and instant coffee, laundry cakes and powdered soap, batteries, butter, margarine and poultry (except duck, geese and turkey).

The ICCG Surveillance and Monitoring:

One of the Commission's priorities is to extend monitoring and surveillance on prices of the government declared goods and services to as many parts of the country as possible so that those who are engaged in the production, distribution and trading of the declared goods and services do so in an ethical manner. The Commission this year 2005 has set its objective at least to visit all parts of the country in conducting price surveillance and monitoring, awareness and trade measurement work.

So far the Commission through its Regional Offices in Port Moresby, Lae, Mt Hagen and Rabaul has visited Madang, Kimbe, Kavieng, Manus, Buka, Oro, Alotau, Goroka, Chimbu, Mendi and Wabag. During those visits the Commission was able to speak to

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Core functions of ICCC

COMPETITIVE MARKET & FAIR TRADE DIVISION

Business mergers and acquisitions

The ICCC Act 2002 ("the Act") prohibits anti-competitive conduct and or trade practices in the market place. One such prohibition is the acquisition of assets of a business or shares if the acquisition would have the effect or likely effect of substantially lessening competition in a market. While this prohibition relates to the structure of the market rather than to behaviour in that market, it is nevertheless prohibited by the Act. This is because mergers between competitors, or the acquisition of one competitor by another, can have just as serious anti-competitive consequences as can price fixing arrangements or arrangements that substantially lessen competition. Thus, those anti-competitive acquisitions are also prohibited.

To give some guidance in deciding whether a particular acquisition would have the effect or likely effect of substantially lessening competition, the Act sets out a number of factors that are taken into account in assessing whether a business acquisition is anti-competitive or not. These factors are:

- the actual and

potential level of import competition;

- the nature and effect of barriers to entry to the market;

- the number of buyers and sellers in the market;

- the degree of countervailing power;

- the likelihood that the acquisition would result in the acquirer being able to significantly and sustainably increase prices or profit margins;

- the extent to which substitutes are available or likely to become available in the market;

- the dynamic characteristics of the market, including growth, innovation and product differentiation;

- the likelihood that the acquisition would result in the removal from the market of a sustainable, vigorous and effective competitor; and

- the nature and extent of vertical integration in the market.

While all of the factors listed above must be taken into account in the assessment of the competitive effect of an acquisition, other matters could also be taken into account if deemed relevant by the Commission.

It is important to note that the prohibitions of anti-competitive acquisitions or mergers are dealt with differently from the prohibitions of other types of anti-competitive behaviours



L-R: Avi Hubert, Gima Maro (Head of Division), Esther Haurom and Igua Naime

such as price fixing. Companies wishing to merge or acquire other competitors must first obtain either an authorisation or clearance from the Commission.

Authorisation

The ICCC may grant authorisation on public benefit grounds to allow a person or a company to make business acquisition or mergers that would otherwise be prohibited by the Act as it would have the effect of or likely effect of substantially lessening competition.

The test to grant authorisation is that, the ICCC must be satisfied that the acquisition would result, or would be likely to result in such a benefit to the public that it would outweigh the effect of substantial lessening of competition.

Since the inception of the ICCC, the Commission has received and processed two authorisation applications. These are:

- Acquisition of Taunabada Limited by Laga Industries Limited.

- Acquisition of Nebiri Quarries and Monier Ltd by T.G Constantinou.

Clearance

Similar to authorisation, a clearance application would enable a person to proceed with a business acquisition without the fear of contravening the Act. However, clearance process differs from that of authorisation, as it does not involve any assessment of public benefits by the Commission.

The clearance process is an application by the person or

company proposing a business acquisition, seeking the ICCC's view whether, in its opinion that the acquisition would result in a substantial lessening of competition and thus, contravene the Act.

The test for clearance is that, if the ICCC is satisfied that the proposed acquisition would not have, and would not be likely to have the effect of substantially lessening competition in the market, it shall give clearance. If it is not satisfied then it will decline to give clearance.

The clearance cases which have been dealt with by the Commission include;

- InterOil Acquisition of BP (PNG) Limited

- Boroko Motors acquisition of Steamships Highway

Automotive Division

- Marsh and Heath Lambert Merger

- Datec/Steamships' Acquisition of Daltron

- Acquisition of Hevilift (PNG) Ltd and Regional Air Limited by Hevilift Ltd

The Commission's determinations set out the competition effect analysis and the Commission's decision on authorisation and clearance applications. These determinations are public documents and can be made available to the public at a fee of:

- K2.00 per page for hard copy

- K10.00 per document for electronic copy

- K5.00 per item by mail

This information can be viewed on the ICCC Website.

Core functions of ICCC

CONSUMER PROTECTION DIVISION

From PAGE 3

Provincial authorities in strengthening the work of the Commission Agents and conducted actual price inspections, awareness and the certification of weighing and measuring instruments used in trading in those areas.

The Commission in the month of May certified all the scales used by PNG Airlines in Jacksons, Lae, Mt Hagen, Goroka, Moro, Kuinga, Tabubil, Louisea, Gurney, Misima, Kerema, Kikori, and Daru. Scales not reading correctly were rejected and corrected to ensure the safety of passen-

gers, the airplanes and also to avoid monetary gains or losses as a result of non correct scale readings. Similar exercises will be done for the Air Nuigini scales and other airlines in the next few months.

Establishment of the Consumer Products Consultative Committee (CPCC)

Following the Commissioners' approval in March this year the Commission through the Division was able to gain membership to the Consumer Product Advisory Committee (CPAC) in Australia involving membership from the different State

Offices of Fair Trading in Australia, New Zealand and the Commonwealth Australian Competition and Consumer Commission (ACCC). The purpose of the CPAC is to provide the technical and support services to the members in terms of addressing safety issues concerning consumable products and in effectively carrying out product recalls across the different State and country jurisdictions.

The Commission attended a number of meetings including teleconferences and from that experience the Commission was able to established just recently a similar

committee called the Consumer Product Consultative Committee (CPCC) comprising of various government, non government and industry representatives in Port Moresby with the Commission taking the lead to provide the chair and the secretariat services. The CPCC unlike CPAC will be more an informal group without sitting or attendance fees/allowances and its purpose will be solely to discuss issues of importance and provide expert advise to the Commission to consider in enforcing

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Spiritual Guidance Compliments Corporate Values: Mr Abe

This is an edited version of the ICCC Commissioner Thomas Abe's speech during the official launching of the ICCC website and newsletter on March 30 2005.

A very good morning to you all. I welcome you all to the official launching of the Commission's Website and its inaugural quarterly Newsletter. I personally value your presence this morning.

A special welcome goes to the Moderator of the United Church in Papua New Guinea, Reverend Samson Lowa who is here to bless the occasion. Here at ICCC we value spiritual guidance as it complements our corporate values.

The Achievements of ICCC

The newly established Independent Consumer and Competition Commission or "ICCC" as we like to call it has accomplished a lot in a short period of time since its formal establishment in 2003.

Just last month, the ICCC conducted a unique Legal Workshop attended by the legal profession which included the PNG Judiciary. We invited some high profile speakers from overseas who spoke on Competition Law which is a new thing to PNG. The Independent Consumer and Competition Act 2002 is the competition law of PNG and many of the economic terminologies and concepts are vague to many lawyers and Judges and the purpose of that workshop was for ICCC and our invited experts to put these terms and concepts into a legal framework and outline the litigation process in competition cases where such terms and concepts are at the heart of such litigation. The workshop was hailed a success in terms of the level of awareness and information given to the participants in attendance.

Today, we are about to witness yet another major achievement of ICCC – the launching of its Website and quarterly Newsletter.

When I was first appointed to set up the ICCC Institution in October 2002, I was faced with an enormous challenge. I did not have the resources and trained staff to carry out the new statutory duties of ICCC. Many critics thought it was just another government agency which would not deliver and would be a waste of government money. At one stage it was only Mark Slade of Treasury and myself driving the exercise.

There were three factors that motivated me to press on;

Firstly, I was personally convinced that the regulatory reforms carried



**Mr Thomas Abe
Commissioner**

out in 2001-2002 by the Government was in the best interest of PNG and one of the final results of that reform was the passing of the ICCC legislation by Parliament in March 2002.

Secondly, it is my passion for our beautiful country. As someone who has witnessed the good days of the 70s and the early 80s and then later about 15 years of near economic collapse, – the country needed men and women of vision, discipline and humility to change the situation around.

Thirdly, as someone who is committed to the Christian Faith and God, I like challenges and the Bible is full of examples of men going through difficult times and situations.

Three years on, much has been achieved in a short period of time. Some of the achievements are:

- The successful establishment of the organisation;

- Hands-on training for senior and technical staff on the practical application of economic regulation concepts;

- Release of major pricing review reports for petroleum, water/sewerage and Post PNG;

- Early this year we commenced major pricing reviews on Flour, Rice, PMV and Taxi fares. Others like Electricity, Canned fish, Canned meat, Harbours and Ports will follow later;

- Made some decisions on a number of merger applications;

- Put in place consumer complaints handling processes and procedures

- Establishment of regular column in the National Newspaper as well as regular broadcast on NBC's Karai National Radio;

- Signed MOUs with Provincial Governments and key government institutions;

- Launched our 2005-2007 Corporate Plan;

- Put in place good governance practices on all aspects of our work including finance;

- Completion of our 2003 Annual Report; and

- Submitting Half Yearly Reports to the Minister.

Much of the credit goes to a group of dedicated and enthusiastic staff - about 50 staff including the 3 Commissioners who are at the forefront providing strong leadership.

The three (3) priority areas for ICCC in our 3 year Corporate Plan are:

- Informing all stakeholders about the ICCC Act and the roles and functions of ICCC. This is important because the work of ICCC is new and there are a large number of people and businesses across the country who have yet to be properly informed.

- The second priority area is to achieve compliance with the ICCC Act. Many small and medium size businesses are still ignorant about the ICCC legislation, hence strict enforcement has not been applied.

The Commission is mindful that PNG is a developing economy and that competition issues need to be approached in a way that suits the PNG economy. That may necessitate a gradual approach to enforcement of the law and a "PNG approach" to competition issues that may differ from more developed economies.

We have not seriously enforced the regulatory contract obligations with PNG Power, Telikom and Harbours in the last 2 years due to uncertainties in government policies.

One of my long term objectives is to see these government utility bodies operate efficiently under an incentive pricing model that would allow them to be more accountable to service standard. There is, however still much work to be done in terms of receiving clear government directives and good governance related issues.

- The third priority area for ICCC under our Corporate Plan is to mobilize ICCC resources efficiently and effectively to achieve desired outcome. This includes human resource capacity strengthening and having the correct information technology capacity in place to enhance our performance in our core functions.

About the Website and Newsletter

Website and Newsletter are part of the strategy to inform people of the functions of ICCC and to promote awareness among businesses about the ICCC Act 2002 and for them to comply with the relevant provisions of the Act.

The website will contain links to our core functions, corporate plan, reports on price reviews, pricing information on declared goods and services, public register on ICCC decisions on mergers and acquisitions, consumer rights and forms for consumer complaints, market conduct rules, regulatory contracts entered into with regulated entities, and other useful information.

These information will be very useful to policy makers in the government, businesses, consumers as well as the media.

I thank Associate Commissioner Chris Gideon and Api Kali, Manager for Finance & Administration for providing leadership on this project.

The quarterly newsletter has the same objective. Because of the importance of the work we do, we would like to regularly inform key stakeholders of the work of ICCC as well as draw special issues or events to their attention. I thank our manager for Consumer Protection Division Joe Cajetan and Ilaita Gigimat for providing leadership on this project.

The Commission can now deal with consumer complaints online. There is an application form complainants can fill out online which will allow us to respond promptly. We believe the website will add value to the work of ICCC.

Conclusion

It is very encouraging to see the country for first time, make positive progress last year and we hope we have now turn the bend and this year onwards we will see more progress – but this will require discipline and hard work.

We at ICCC are committed to supporting the government with its economic development efforts through our motto which is, "friends to business and friends to consumers".

**THOMAS ABE
Commissioner**

ICCC and NISIT sign MOU

On the 21st of March 2005 the Independent Consumer and Competition Commission and the National Institute of Standards and Industrial Technology (NISIT) signed an MOU to work together and to assist each other in their respective functions relating to the monitoring and enforcement of standards on products, weights and measures and other relevant statutory functions mandated under their respective Acts.

The purpose of the MOU is to foster close working relationship between the two organizations in the dissemination of information and other important data pertaining to weights and measures, calibration of measurement equipments, products standards and a whole range of technical information that may be useful for purposes of monitoring and surveillance functions.

The MOU will enable the two organizations to information as well as other important data pertaining to weights, calibration of measurement equipments, product standards and whole range of technical information that can be useful for monitoring and surveillance functions.

According to ICCC Commissioner Thomas Abe, the MOU will set the pace in the sharing of resources between the two organizations in order to meet their respective statutory obligations.



ICCC Commissioner, Mr Thomas Abe and Director-General of NISIT, Mr Ronald Paita signing the MOU while lawyer John Goava of ICCC looks on.

Mr. Abe said the MOU is a formal understanding between the two premier organizations designed to complement each others roles and functions.

Director-General of NISIT, Mr.

Ronald Paita was happy and satisfied that the MOU was signed and looks forward to developing a closer working relationship with ICCC.

Coming from the private sector management background, Mr. Paita

expressed concerned that the flow of information and work ethics currently entrenched in some public offices needs to be changed drastically to ensure that government policies were implemented.

Benefits from IPA

The Commission on May 12th 2005 had the privilege to sign another MOU after months of preparation.

This MOU was signed with the Investment Promotion Authority (IPA). The MOU would foster the sharing of valuable information and resources. More importantly the MOU is a formal understanding between the two premier organisation designed to complement each others roles and function.

With this MOU IPA can assist ICCC in terms of:

- Consumer complaints that/investigations that require company search.

- Company /market conduct and complaints that require company search

- Company search in terms of acquisition and mergers.

- Information relating to intellectual property rights

such as Patent & Industrial Design Act, Trade Marks, Copyrights & Neighbouring Act.

- IPA page on ICCC website.

General statistics and other useful information.

- Similarly, ICCC can assist IPA in terms of :

- Information and advice on the relevant ICCC provisions and the ICCC Act.

- Joint research and project related exercises and ICCC page on the IPA website

General statistics and other useful information.

- Both IPA and ICCC encourages the need for more business activities in Papua New Guinea. And while IPA promotes more business investments, ICCC promotes efficiency and proper conduct on how those businesses operate. Thus by working together, both organisations can complement each others functions.



ICCC Commissioner Thomas Abe and IPA Managing Director Ivan Pomaleu signing the MOU. Witnessing the signing are lawyers John Goava of ICCC and Dianne Gavaranu of IPA.

Noticeboard

Indicative Retail Prices Notice 8th June 2005

The following prices are the anticipated prices for Mogas, Diesel and Kerosene to apply at the pump (including GST) at the centres identified. These prices will take effect from 12.01am on Wednesday 8th June 2005, and reflect the Import Parity Prices (IPP) that will apply from that month until the next price change. The prices are for bulk fuel delivered to these centres and sold at the retail service stations.

Centre	Mogas (Petrol)	Diesel	Kerosene
POM (ex Napa Napa)	269.77	218.72	220.48
Lae	276.33	226.68	227.63
Madang	275.40	225.75	226.69
Rabaul	276.15	226.51	227.45
Kokopo	278.59 - 279.36	228.94 - 229.71	229.88 - 230.65
Kimbe	276.28	226.63	227.57
Alotau	296.85	250.61	249.57
Wewak	290.03	242.58	242.31
Kavieng	294.43	247.75	247.04
Manus	323.25	281.08	277.73
Goroka	283.21 - 284.31	233.56 - 234.66	234.50 - 235.60
Mt Hagen	293.31 - 295.51	243.67 - 245.87	244.61 - 246.81
Oro Bay		245.55	
Kerema	305.24	254.18	255.94
Kundiawa	296.96	247.31	248.25
Mendi	306.86 - 311.26	257.21 - 261.61	258.15 - 262.55
Wabag	307.19 - 310.87	257.55 - 261.23	258.49 - 262.17
Vanimo	291.79	248.19	240.11

Note

Where a range is shown, this reflects the latest advice received of the freight charges that apply to these locations. Where the Commission has been advised of more than one freight rate, it has incorporated the rate into a range for the final retail price.

Pump prices in these locations should fall within the specified ranges. In the event that prices are higher than the top end of the range, Section 3 of the Fuel Price Monitoring Form will apply accordingly.

THOMAS ABE
Commissioner
7th June, 2005

Core functions of ICCC

From PAGE 4

its consumer protection role. Letters to this effect have been sent out to the proposed members and the first inaugural meeting of the CPCC will be held on the 27th of July 2005.

ICCC Awareness and Educational Activities:

Another of the Commission's priorities is to create a lot more awareness for the consumers, traders and the general public on the roles and functions of the Commission. The Commission through the Division has a program in place targeting different target groups in disseminating information so that everyone understands and appreciates the work of the Commission

and in turn supports in order to achieve a higher level of compliance for the benefit and welfare of everyone.

Our program targets schools, newspaper readers, radio listeners, key agencies and stake holders, the industries, and the government sector. The development and the launching of the the Commission website and the production and publication of the first ICCC Newsletter in March 2005 are some of the most effective tools of awareness achieved by the Commission. Just recently in the month of April, May and June the Commission was also able to visit nine (9) educational institutions, signed 3 MOUs and written 2 columns in the monthly ICCC National Newspaper columns.

Implementation of the New Import Parity Pricing (IPP) of Fuel

Since the inception of the new Import Parity pricing (IPP) of fuel away from the Landed Cost pricing method in September the Commission has been able to effectively monitor and making sure that the new IPP fuel price order that comes out on the 8th of each calendar month is effected. The Commission through its four (4) regional offices have inspectors who visits every fuel stations and check the pump prices to ensure that the fuel station operators charge fuel prices correctly and that the consumers pay the correct prices for the required volume of fuel.

FUEL PRICE CHANGES FOR JUNE 2005

The Independent Consumer and Competition Commission (ICCC) has announced the following price adjustments for fuel products to take effect from Wednesday 8th June 2005.

- Petrol - decrease of 5.3 toea per litre;
- Diesel - decrease of 6.2 toea per litre;
- Kerosene - decrease of 4.9 toea per litre.

These price changes are the result of advice from InterOil Limited on movements in the internationally determined monthly Import Parity Prices (IPP) for locally refined petroleum products supplied from the Napa Napa refinery.

The Commissioner for ICCC, Mr. Thomas Abe said that the monthly IPP changes are primarily driven by the internationally determined product Free-on-board (FOB) prices for petrol, diesel, and kerosene from Singapore. Since the end of April, world crude oil prices have been easing after reaching an all-time high of US\$58.28 per barrel in mid-April. Generally, these price reductions are attributed to a number of factors, including (but not limited to):

- Increased crude oil production from OPEC members, with production levels climbing to 25-year highs in May. Production from non-OPEC members has also increased as countries take advantage of higher crude prices.
- Increased levels of crude oil stockpiles in the United States, with stockpiles reaching a 6-year high in May.
- Forecasts for a slowdown in the growth of the Chinese economy in the second half of the year.
- Continuing hope of peace in the Middle East, particularly in Iraq and Israel.
- General decreases in international shipping rates of fuel cargoes.

As a result of the above, the Singapore FOB posted prices decreased for June against May by 3.7%, 4.1% and 3.1% for Petrol, Diesel and Kerosene respectively. Furthermore, a 15% reduction in the International Ocean freight rates for June against May reflecting a fall in demand for shipping also contributed to the decrease.

Mr. Abe explained that under the current pricing arrangements for locally refined petroleum products, domestic fuel prices are subject to world oil prices and the Commission only monitors InterOil's administration of the IPP prices. "Because of the volatility of crude oil price movements, the ICCC's role in this instance is to ensure that actual cost increases passed onto the domestic market are accurate and that fuel distributors do not take advantage of the price increases at the expense of consumers", Mr. Abe added.

Mr. Abe said that in recent months the whole world has been experiencing the adverse effects of high crude oil prices in recent times. Both developed and developing countries are all affected. "PNG is susceptible to the volatility of the world market, meaning fuel price changes in PNG move in line with international prices", Mr. Abe said.

Mr. Abe added that the lower prices to apply in the domestic market for the month of June reflect favourable movements in crude oil prices in May, with crude oil price movements in the month of June to affect domestic fuel prices for July.

Based on the June IPP price changes, the indicative retail price (including GST) for fuel sold in service stations in Port Moresby and Lae from 8th June 2005 will be as follows:

Location	Petrol (toea/ltr)	Diesel (toea/ltr)	Kero (toea/ltr)
POM	269.77 (K2.70)	218.72 (K2.19)	220.48 (K2.21)
LAE	276.33 (K2.76)	226.68 (K2.27)	227.63 (K2.28)

The Retail Prices at the main ports, secondary ports, and outer locations across the country would change in line with their respective freight rates.

Mr. Abe said that the Commission will continue to monitor fuel freight costs to ensure that these reflect an appropriate charge for the cost of transport of fuel to various parts of the country.

"As part of its enforcement and compliance duties, the Commission's officers will be conducting inspections at all service stations from 8th June to ensure compliance with the new prices," Mr. Abe said.

For more information and or clarification on the matters outlined, contact Mr. Taunao Vai, Executive Manager – Prices and Regulatory Affairs Division on telephone: 325 2144.

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Independent Consumer & Competition Commission

Mission Statement

OUR VISION

TO FOSTER AN INFORMED AND FAIR PNG MARKET

OUR MISSION

CONSISTENT WITH THE ICCC ACT 2002, OUR MISSION IS TO ENHANCE THE WELFARE OF THE PEOPLE OF PAPUA NEW GUINEA THROUGH:

- ENCOURAGING FAIR TRADE PRACTICES AND PROTECTING CONSUMERS;
- PROMOTING COMPETITIVE AND INFORMED MARKETS;
- REGULATING DECLARED GOODS AND SERVICES AND DECLARED INDUSTRIES WHERE COMPETITION IS LIMITED; AND
- DEVELOPING OUR AGENCY AND ENSURE EFFICIENT USE OF OUR RESOURCES.

OUR VALUES

THE FOLLOWING VALUES HAVE BEEN ADOPTED:

- PROFESSIONALISM AND ETHICAL CONDUCT;
- TRANSPARENCY;
- ACCESSIBILITY; AND
- INDEPENDENCE AND FAIRNESS.

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