



INDEPENDENT CONSUMER & COMPETITION COMMISSION

PRESS STATEMENT

9th July 2008

“ICCC proposes 6.86% increase in Non - Urban PMV Routes as part of its Draft Determination”

The Independent Consumer & Competition Commission (“ICCC”) today announced the release of the Draft Report on the Review of the current pricing arrangement applying to PMV fares through out the country. The review was conducted in response to concerns from the industry, in particular PMV operators whose operations have been greatly affected by rising fuel costs.

The Commissioner & CEO for ICCC, Mr Thomas Abe said the Commission has considered the industry’s concerns on the increase in fuel price over the recent months and other issues relating to the frequency of fare adjustments and omission of fares for some routes and locations not included in the 2008 Determination.

In accordance with the fare adjustment formula set in the 2008 PMV and taxi fare determinations, the Commission assessed change in the cost of Diesel Fuel Index (DFI) and Consumer Price Index (CPI) over the last six months ending 31st March 2008. Upon applying the fare adjustment formula, which incorporates the fuel price and the inflation, the change in CPI was 4.15% and the change in DFI was 15%. Combining these two adjustment factors with their relevant weightings, the Commission has determined a 6.86% increase in PMV fares..

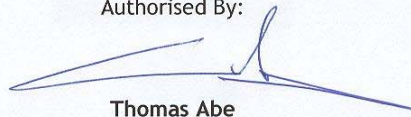
The Commission is also considering the possibility of adjusting PMV fares on a 6 monthly basis. Commissioner Abe added that the current increase will only apply to rural routes. This is supported by the findings that urban PMV’s at the moment are not innovative in collecting the maximum fares set by the Commission. However, adjustment to urban fares will be considered before the end of the year to be announced in 1st January 2009 taking into account the change in fuel cost and inflation for the last 12 months.

It is important to note that the Draft Determination does not replace the Pricing Determination on PMV Fares issued by the Commission in November 2007. Rather, this Draft Determination seeks to address the recent significant increase in world prices for fuel and the flow on effects on the PMV industry in PNG, Mr Abe stressed.

The Commission seeks the views and submissions from the general public and key stakeholders on the Commission’s draft determinations for incorporation in the Final Report to be released on 6th August 2008. Mr. Abe strongly advises all PMV operators that pending the outcome of the Final Report, current PMV fares still applies and by charging the maximum fares to the designated routes and not to discriminate concession paying passengers.

The Commission's preliminary view now gives an opportunity for the PMV operators and interested stakeholders to provide their comments to the Commission no later than Wednesday 23rd July 2008.

Authorised By:

A handwritten signature in blue ink, consisting of a series of fluid, connected strokes that form the name 'Thomas Abe'.

Thomas Abe
Commissioner & CEO