



BL/SS, please take note of
IPBC Submissions for our
assessment purposes.
OFFICE OF THE COMMISSIONER
Date: 28/02/2011
Jr.

MINISTER FOR PUBLIC ENTERPRISE
Office of the Minister

Level 4, Pacific Place Building
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25th February, 2011

Your Reference:

Assoc. Prof. Dr. Billy Manoka (PhD)
Commissioner and Chief Executive Officer
Independent Consumer and Competition Commission
First Floor, Garden City
Angau Drive
PO Box 6394
BOROKO, NCD

Noted Jr.
① Copy to AEM - CMFD
for assessment.
② Original for file.
A/CEO
01/3/11



Dear Commissioner,

**RE: GOVERNMENT SUPPORT FOR AIR NIUGINI'S APPLICATION FOR
CODESHARE ARRANGEMENT-AIR NIUGINI LIMITED/QANTAS AIRWAYS
LIMITED ON THE PORT MORESBY-CAIRNS ROUTE AND AIR NIUGINI
LIMITED/PHILIPPINE AIRLINES INC. ON THE PORT MORESBY-MANILA ROUTE**

I am writing on behalf of the Government to support Air Niugini Limited's application for the authorization of two code share arrangements, pursuant to Section 70 of the Independent Consumer and Competition Commission (ICCC) Act 2002. The two proposals are:

- Air Niugini Limited/Qantas Airways Limited Code share Arrangement on the Port Moresby – Cairns route; and
- Air Niugini Limited/Philippine Airlines Inc. Code share Arrangement on the Port Moresby – Manila route.

At the outset, I must outline the Government's prevailing post-privatization policy imperative related to State Owned Enterprises, including Air Niugini Limited since 2002. It is important to highlight the policy setting in order to place the two code share arrangements in a more realistic and relevant national-interest perspective for careful consideration by the ICCC.

Since the demise of the externally-driven privatization policy in 2002, the national policy with respect to State Owned Enterprises has shifted to one where the public and private sector work together hand-in-hand, consistent with the public private partnership policy agenda. To provide policy clarity, certainty, and predictability, the Government with the support of the Asian Development Bank designed the Public Private Policy which was approved in December 2008. Thereafter, a draft Public Private Partnership law has been completed, to provide the legal framework for the PPP Policy has been drafted and is in its final stages of finalization in preparation for mandatory clearances and approvals prior to enactment by Parliament this year.

The PPP Policy and legislation is a core component of the Government's agenda to transform the PNG economy which is vital for the attainment of sustainable and broad-based development.

As you recall, the Government's development policy imperative was initially guided by its agenda for "Recovery and Development", announced by the Prime Minister in August 2002, targeting the broad objectives of export-driven economic growth, rural development, empowerment through human resource development, and poverty reduction.

These broad objectives were reaffirmed by the Prime Minister in September 2007 when he announced the agenda for "Consolidation and Empowerment", aimed at making PNG a better place where everyone would have equal opportunities to participate in building their own lives, homes, villages, communities, and the country as a whole, underpinned by the improved economic performance and available opportunities.

The measures announced by the Prime Minister as the Government's explicit focus for the period 2008 to 2012 are as follows:

- i. Innovative fiscal and financial reforms to secure and strengthen the stable macroeconomic climate;
- ii. Constructive restructuring of the public service to enhance effectiveness and efficiency in service delivery to ordinary Papua New Guineans; and
- iii. Major policy reform initiatives in key sectors of the economy to stimulate public and private investments, aimed at delivering specific socio-economic development targets.

