



MINISTRY OF PUBLIC ENTERPRISES

**Level 4, Pacific Place Building
P.O. Box 320
PORT MORESBY NCD
Papua New Guinea**

**Telephone: (675) 321 3739
Facsimile: (675) 321 5048**

20120119 PS NEC Purari power submission

ACTING MINISTER ANNOUNCES NEC PROGRESS ON PURARI HYDRO PROJECT

19 January 2012

National Executive Council has endorsed a submission to take the next step towards development of the proposed Purari hydroelectricity scheme in Gulf Province.

The submission, presented to NEC jointly by the Minister for Public Enterprises, Sir Mekere Morauta, and the Minister for Petroleum and Energy, Mr William Duma, envisions a project worth between \$US5 billion and \$US10 billion (K12-25 billion).

It would be the biggest power project in the Oceania region and one of the biggest projects of any sort in Papua New Guinea's history.

"This is a very significant project that can transform the economy of the nation and in particular the Southern Region," said Acting Public Enterprises Minister and Deputy Prime Minister Belden Namah.

"It can bring power to hundreds of thousands of people in the Gulf, Western and Central Provinces, create jobs in some very disadvantaged areas, and spur agricultural and industrial development.

"The impact on national development and local economic opportunity of this one scheme should not be underestimated, and neither should its beneficial impact on living standards."

The project is being promoted by the Government through IPBC in partnership with PNG Energy Developments Limited, a 50-50 joint venture between PNG Sustainable Development Limited and Origin Energy of Australia.

Substantial equity will be offered to the Government if the project goes ahead.

Cabinet supported the proposed scheme and directed that a working group of relevant departments and government agencies be formed to liaise with PNG EDL on a range of issues including ownership of assets, state equity, taxation arrangements and State, provincial and landowner royalties.

It also agreed to targeted import duty exemptions for the project and to consider exemptions from GST. A K250-million study under which PNG EDL is looking at the project's technical, social and environmental feasibility has already begun.

Preliminary studies show that the project could generate up to 2500 megawatts of electricity, almost four times the nation's entire present generating capacity.

Its huge output could feed into the Port Moresby and Highlands grids and allow for the development of new industries, particularly in the Southern Region, as well as the export of electricity to Australia.

Power from the scheme would also be used for rural electrification in the Gulf and Western Provinces.

About 5000 local families could be supplied with power in the early stages, and up to 300,000 families when fully operational.

Belden Namah MP

Acting Minister for Public Enterprises