



20120123 PS Public Enterprise Business plans

## **IPBC APPROVES PUBLIC ENTERPRISE BUSINESS PLANS AND BUDGETS**

January 23 2012

The Managing Director of IPBC, Mr Thomas Abe, said today the IPBC board had approved 2012 business plans and budgets for Public Enterprises.

“The plans submitted to IPBC for approval are now the official internal framework under which each Public Enterprise will operate,” he said.

“IPBC and the National Government will closely monitor compliance with the plans.”

Mr Abe said IPBC and Public Enterprises will renew their focus on continuous improvement to entrench commercial disciplines in their operations. Reform and rehabilitation will continue, with greater energy and commitment.

The emphasis will be on more efficient organisational structures, cost-effective and productive practices at all levels, full compliance with due process and making customer service the number one priority.

“It is clear than from past years that Public Enterprises have lost their way,” Mr Abe said. “For example not one single enterprise has paid a dividend since 2007.

“That is unacceptable, and indicates the extent of the problems within these critical service providers.

“The practise of paying dividends was devised in 2002 as a way of enforcing commercial discipline within Public Enterprises, and making a return on some of the State’s investment in them.

“Public Enterprises must remember that they are owned by the people of Papua New Guinea, and they are funded by the people of Papua New Guinea through taxes, licences and charges.

“People are entitled to expect a return on their funds to be put to good use – for example in the Government’s decision to provide free medical care and to rehabilitate our public hospitals.”

Mr Abe said the O’Neill-Namah Government had refocussed the efforts of IPBC and the Public Enterprises it controls, giving more emphasis to service delivery.

This is reflected in the 2012 business plans, which focus on customer service standards, good governance and due process, financial efficiency and conformity to applicable policies and legislation.

The major projects and plans for each Public Enterprise are also outlined, including investment plans and targeted actions.

Mr Abe congratulated Eda Ranu, which won two international awards during the year, and Air Niugini for achieving full and unconditional approval for their business plans. Conditional approval was given to the following enterprises:

- Telikom, subject to further review and consultation on capital expenditure and organisational restructuring.
- MVIL, subject to further review and consultation on capital expenditure and its investment policy.
- Post PNG, subject to further review and consultation on proposed strategies for financial services, logistics and investments.
- Water PNG, subject to further review and consultation on its organisational structure and its debt to the State.
- PNG Ports, subject to further review and consultation on major capital expenditure items.

The National Development Bank’s business plan and budget was not approved, pending consultation with IPBC.

Mr Abe said: “Our reviews are showing there is a long way to go with reform and rehabilitation.

“But the hard work put in by IPBC and Public Enterprises over the past six months has shown us a way forward.”

**Thomas Abe**

Managing Director, IPBC