

Business Breakfast with Australia-PNG Business Council

PRIME MINISTER:

Well thank you very much Geoff and Susil. It is great to be here with you and I just want to say that we've had really productive, warm, constructive, practical discussions with Prime Minister O'Neill and his colleagues. It's been a very effective visit. When old friends get together, you have the usual courtesies but you don't need to spend a lot of time on formality. So we've had a very, very practical set of meetings and I just have to say, guided by our outstanding High Commissioner who is here today with us, we've been able to get to the heart of a lot of the issues that you raised Geoff, so I want to thank you for that, for outlining them.

Now yesterday as you know I visited Isurava on the Kokoda track and also the Bomana War Cemetery to pay my respects to the Australians and Papua New Guineans who made the supreme sacrifice to halt the advance of the Japanese in the Second World War. That period in 1942 was truly, as Churchill described, the hinge of fate, so much depended on the courage, the endurance, the sacrifice, the mateship of those men and women who fought to stem the tide. But they succeeded, they triumphed, victory was theirs and we are enjoying the freedoms of today because of the sacrifices that were made three quarters of a century ago.

Now we were fighting side by side then, but since then we have continued to work side by side during these extraordinary times. A period of human history where the pace and scale of change is entirely without precedent.

Yesterday when I was with Lesieli Taviri from Origin Energy and a number of other outstanding Papua New Guinean entrepreneurs and innovators we saw how new technologies, the smart phone- ten years old – photovoltaic panels a bit older than that but nonetheless, it is only in relatively recent years that the cost of per watt has come down precipitously to the point that they are now, energy from solar is so affordable. But what we've seen, those two technologies powered so much of the innovation, the ability to bring power, telecommunications, lighting to remote locations, to remote villages all made possible by technology.

And PNG coupled with the imagination and the enterprise of its people, working with friends and partners from Australia are able to use these new technologies to overleap the technology of the past, overleap the systems that we have had in developed countries like Australia for so many years and strike out into new fields and achieve the outcomes we need in terms of amenity, economic progress, education, improved health services so much more quickly.

But today, this morning I want to talk about trade and economics above all. Now almost 5000 Australian businesses, companies, doing business here in

PNG. The two way trade relationship as you know is valued at \$5.8 billion. Australia is a very welcoming market for two of PNG's best agricultural products; coffee and cocoa. And I look forward to Queen Emma's chocolates making a big appearance in Australia before too long.

This morning we were glad to discover that there is still some fine coffee left in PNG despite the fact that you've exported the record volume of Niugini Arabica to the baristas and kitchens of Australia in 2016.

And as I know that we have a national addiction to chocolate so we're helping the cocoa farmers in Papua New Guinea maximise the export value of their crop with programs to improve the quality and consistency of exported beans. Your cocoa is now being used by some of our best and most beloved chocolatiers and of course as I said, Queen Emma I'm sure will be making a suitably royal appearance in Australia before too long.

We're also a very big investor in PNG. Our investment in Papua New Guinea of more than \$18 billion is more than Australia's total investment in Indonesia for example. And that says a lot about the level of commitment to PNG. It involves so many industries and sectors, particularly gold mining, oil and gas. It contributes to PNG's economic growth and employment, directly benefits the quality of life here. A great example of this as I noted a moment ago is Origin Energy's program to provide solar panels to homes through a lease-to-own program. Origin is also looking to the future by using block chain, the technology that underpins Bitcoin, to allow communities to reliably share their off-grid solar power and further spread its benefits.

Airborne Logistics Operations Manager Doug Allgood never planned to make small villages in the Kokoda track region a part of his business but when bad weather forced him into a remote area on the track, he discovered true village hospitality.

The relationships he built through this has led Airborne Logistics to use spare helicopter capacity to help 39 villages in the fertile region bring five tonnes of fruit and vegetables to market in Port Moresby each week. So the service helps unlock the economic potential of the region, bringing benefits to hundreds of families.

Our investments in infrastructure, health, education, promoting and empowering women and girls, law and justice, governance, through our development cooperation and partnerships with the private sector all are supporting the PNG Government to build strong foundations for economic growth. And this year as you know we've opened the Consulate-General in PNG's commercial capital, Lae, which reflects confidence in the opportunities now and into the future.

But despite great momentum over the past few years our merchandise trade with PNG has declined somewhat. This is partly due to the downturn in the commodities market and partly due to do with difficulties faced by businesses in accessing the PNG market, and this is the points that Geoff was referring to earlier.

It works both ways. PNG already has duty and quota-free access to the Australian market but more can be done to help your farmers meet biosecurity requirements and deliver high-quality products to Australian consumers. So I'm pleased that ministers at the recent Ministerial Forum agreed to establish a trade investment and economic working group to address market access issues and foster further cooperation.

Now both of our governments recognise that there are many things we need to do to improve the business environment for companies wanting to invest here. Globally significant corporations have been coming here for decades, attracted by PNG's wealth of natural resources. Large scale investments from companies such as ExxonMobil, Santos and Oil Search and I see Peter Botten is here with us this morning.

We've seen how transformative this has been. Foreign investment has contributed to PNG's infrastructure and skills development. It's also contributed to the doubling of employment in PNG's private sector in the past ten years. And the flow-on effects are significant too, opportunities for local suppliers, support for local communities and investments in education, health and the environment. New mega projects are already in the pipeline, if you'll excuse the pun, including expanding ExxonMobil's \$26 billion LNG project and developing new gas fields.

To make these a reality and to extend the benefits of investment to more Papua New Guineans we must continue to work together to ensure policy settings and practices attract, rather than deter investment.

Protectionism as we all know is the road to poverty. There is no question that in our region and for both Australia and PNG, free trade, open markets have brought continuing growth, improvement of living standards, rise in prosperity. As I've said before, but it's a fair point, protectionism is not a ladder to get you out of the low growth trap. It is a great big shovel to dig deeper and deeper. Open markets, free trade are keys to our prosperity in Australia, in PNG, in the region, around the world.

Now as critical as large projects are to the economy at the end of the resources construction building, and again, Geoff referred to this, diversification must be encouraged as part of a modern economy. And our resilience, our ability to avoid a hard landing following the wind down of the resources construction boom in Australia is a tribute to the enterprise and entrepreneurialism and the resilience and diversity, above all of the Australian economy.

Had it not been for the big free trade agreements that we secured and opening up access to what the full range of exports from Australia – the services, agricultural produce right across the board – had we not been able to do that we would not have had a successful a transition albeit with real difficulty and real pain in some parts of the country. But we would have had a very hard landing in my judgement, as many predicted we would I might add, after the downturn of the construction boom.

So a diverse economy, a resilient economy, an open economy is absolutely

critical to enable you to recover from that. Now this means to do this, striving for and embracing science and technology and innovation is the key to solving some of the most difficult problems and again we saw so much evidence of that at the showcase yesterday. Finding new ways to help both our agricultural industries prosper despite drought is just one example.

Now many of PNG's entrepreneurs have come through challenging times to grow successful businesses which have in return helped strengthen your economy. I met yesterday in addition to Lesieli and others, I met Shadrach Juangere who graduated from the Kumul Game Changers Program. Shadrach is currently employed with Telekom PNG but in his spare time works on start-ups to link PNG companies, enabling them to lower costs, lower supply costs and overcome barriers including payment issues and delivery problems that prevent Papua New Guineans shopping online.

I met a Port Moresby woman, Florence Kuyei, who is starting her own mapping and spatial analysis company, Dinade Spatial Services, after participating in the WECREATE Challenge business accelerator program.

And I spoke with representatives of the Bank of Papua New Guinea who are working on using block chain for a range of financial applications related to identity and again this is a very interesting example of where with the technology, mobile phones, block chain, will be able to deliver unique digital identities for customers which will be of application to enable secure transactions not just at the bank but with government and other parties. And the technology enables you being a developing country to go further than a developed country already has. It is truly liberating. This combination of this distributed nature of technology, whether it is energy generation, solar as we talked about, solar combined with batteries of course or the smart phone and hence the importance obviously of continuing to push out the frontier of wireless telecommunications. The potential of that is limited only by your imagination and I know that the greatest natural resource of any nation is the imagination and the enterprise of its people and unlocking that and coupling that with these technologies has enormous potential.

Now the centre of growth in the global economy as we know has moved to our region and both our nations will benefit from that and I'm leaving today from PNG to go to India, another extraordinary transformation. But of course also, part of another enormous opportunity for us in this part of the world.

PNG's future trade growth will not come solely from an enduring relationship with Australia naturally but from being able to supply the rapidly growing middle-class in the markets of the Asia-Pacific. When you consider that PNG has enormous untapped potential, or yet to be tapped potential in agriculture and fisheries, the markets demanding your products extend across all of the Pacific and Asia.

The bilateral relationship also has a strong role to play in enabling us both to take advantage of those opportunities. Our collaboration can help drive further growth in key sectors, resources and energy we touched on, innovation and market reach. The tourism sector is a good example. The Australian

adventure eco-touring company Intrepid Travel has already booked out the majority of its trips around Rabaul, Matupit Island, Duke of York Island and Kokopo with include the 'Rabaul Mask Festival and the Baining Fire Dance'. Cruise tourism contributed \$5.7 million to the PNG economy in 2015, of which 43 per cent benefits local people directly. People like Maxine Nadile, whose business Egwalau Tours provides tailor made itineraries for cruise passengers. Maxine has also grown her business by working with local people to offer tours of villages which previously had no exposure to tourism but now host up to 180 people per tour. Now that's a sector with enormous potential.

It's not hard to picture a buzzing network of hotels and resorts in beautiful, accessible locations, staffed by Papua New Guineans, or cruise ships docked in harbours with visitors taking in the amazing scenery on guided tours. We are ideal partners to help make this happen.

And of course next year PNG has a unique chance to showcase this magnificent country, its products and its businesses as you host APEC 2018. I encourage all of you to engage in the APEC Business Advisory Council in the lead up to 2018 so you can capitalise on the opportunity. It's a chance to impress and influence not only the region but the world. Hosting the forum demonstrates PNG's commitment to the regional economic cooperation needed to grow our economy.

Now that I've met some exciting entrepreneurs and seen how technology is transforming how business is done here I am even more confident for the future of Papua New Guinea and its people.

Prime Minister O'Neill and I have agreed we need to speak with one voice on the imperative of defending free trade and open markets. We both know as I've said, this is the road to prosperity. With the energy and mineral markets we both export in high demand. From our large neighbours in Asia, big markets in the Asia-Pacific, we can't let protectionism take hold.

Free trade means jobs, economic growth and sustainable economies. We've proven this together. So I want to thank you all for your commitment to supporting the growth of our contemporary economic partnership. I want to thank you for your commitment to seeing business between Australia and PNG flourish. We are proud to collaborate with you and be your strategic and economic partner. I'm delighted to have been able to come here over this weekend and I thank you particularly for coming to breakfast here on Sunday morning, that's a sign of your commitment to the enduring partnership between Australia and PNG and I know that what we are witnessing today is a new and prosperous chapter in the history of the relationship, the partnership between our two great nations. Thank you very much.

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