



# DEPARTMENT OF TREASURY BUDGET OPERATIONS



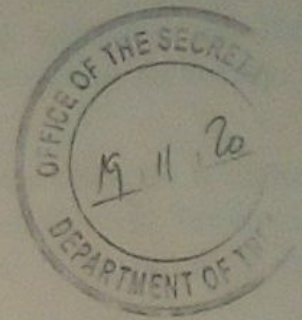
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501/2020  
18<sup>th</sup> November 2020

## Brief To:

1. Deputy Secretary - B & FM *at 18/11*
2. Secretary *Approved R/ 23/11*



**SUBJECT: STATUS OF KPPA AND WAY FORWARD TO REVIVE KPPA OPERATIONS**

## Purpose

This is to brief you on the above and provide you information and options to resolving the same.

## Background

The KPPA is a statutory body created pursuant to the section 5 of the Konebada Petroleum Park Authority Act 2008 (KPPA Act). The main purpose and functions of the KPPA were to develop a petroleum industrial precinct and to regulate downstream petroleum processing and other related petroleum industrial activities within a declared zone.

## Facts and Considerations

It is noted that NEC Decision No 280/2016, in 2017, the Government issued a non-financial instruction during the occasion of passing of the 2018 budget for KPPA to be abolished. On February 1<sup>st</sup>, 2018, NEC made another Decision No 15/2018 not to abolish KPPA but investigate KPPA the Board.

Due to continuous changes on these Government decisions, the funding for KPPA has been withheld by Treasury making KPPA operations halted and incurring a lot of liabilities. As such, CEO downsized staffing and not renewing contract terms for contract officers and consultants leaving a skeleton staff of only six executive managers.

On 16<sup>th</sup> June 2020, the Chief Executive Officer of Konebada Petroleum Park Authority (KPPA), Mr Donald Valu wrote to Prime Minister James Marape updating the status of KPPA and way forward to revive KPPA operations.

The Acting Chief Secretary, AMB Issac Lupari wrote on a letter dated 29<sup>th</sup> June 2020, to Secretary Treasury seeking advice on the status of KPPA and way forward to revive KPPA operations as per the Prime Minister's footnote direction dated 17<sup>th</sup> June 2020 to transfer KPPA to Central Provincial Government.

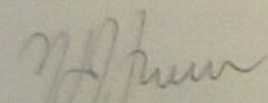
The Secretary footnoted on the 14<sup>th</sup> of October 2020 advising Treasury to clean up and settle all liabilities incurred by KPPA before transfer KPPA to Central Provincial Government as per the Prime Minister's direction. The KPPA liabilities are submitted separately and addressed separately.

We note that KPPA's Operating Account was closed by Finance following the NEC Decision above to abolish KPPA. Therefore, we recommend the cheque to be written to KPPA's subsidiary company 'Petroleum Parks Holdings Limited'.

To implement this instruction by the Prime Minister, BOD is recommending K1.0 million to be sourced from the Retirement Fund Vote to assist KPPA and Central Provincial Government to facilitate this transition. The K1.0 million proposed is to cater for the transition cost to transfer KPPA to Central Provincial Government.

#### **Recommendation**

1. That you note this brief for your information.
2. Approve K1.0 million from Retirement Fund Vote in Division 207 to assist the transition cost of KPPA into Central Provincial Government as per the Prime Minister's directive.
3. Approved that the payment be done out of Treasury to KPPA subsidiary **Petroleum Parks Holdings Limited**'.



**NAPAE HURIM**

First Assistant Secretary