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PORT MORESBY, FRIDAY, 2nd AUGUST

[2002

Independent Public Business Corporation of Papua New Guinea Act 2002

Sections 31(3), 50(1) and 50(4)

Vesting Notice

I, **Sir Mekere Morauta**, Prime Minister, in accordance with Sections 31(3), 50(1) and 50(4) of the Independent Public Business Corporation of Papua New Guinea Act 2002 (the **Act**) hereby vest in the Independent Public Business Corporation of Papua New Guinea (the **IPBC**), in its capacity as trustee of the General Business Trust (the **GBT**) established under the Act, the assets in Schedule 1 on the terms and conditions stated in Schedules 1 and 2 on and from the date of publication of this Vesting Notice in the National Gazette.

The conditions in Schedule 2 shall take precedence in the event of any inconsistency between the schedules. For the purposes of the schedules, **PUT** refers to The People's Unit Trust of Papua New Guinea created by deed dated 6 June 2002, of which the IPBC, as successor to the Privatisation Commission, is trustee.

Schedule 1

Asset	Terms and Conditions
<p>All of the shares (of any class) and other ownership interests held by any of the entities or bodies listed in Section 50(1)(a), (b), (d), (e) or (f) of the Act in each of:</p> <p>Air Niugini Ltd PNG Power Ltd; Motor Vehicle Insurance Ltd.</p>	<p>IPBC shall:</p> <p>(a) provide quarterly reports to the Treasury Department updating business plans, financial and operating results and forecasts for each entity;</p> <p>(b) use its best endeavours as owner to ensure that the business of each entity is managed at no future cost to the State budget while maintaining and improving service standards;</p> <p>(c) to the extent reasonably practicable as a shareholder, cause the directors of each entity to investigate, at the cost of each entity, the commercial scope to engage a reputable international operator under a management contract prior to a future privatisation. When sales processes are started the Treasury</p>

Asset	Terms and Conditions
	<p>Department is to be provided with quarterly reports on progress measured against key sales milestones; and</p> <p>(d) as long as the entity is controlled by IPBC, review any ICCC reports to IPBC or the entity in relation to compliance with regulatory contracts and take appropriate remedial action in the event of failure to comply.</p> <p>(e) in its capacity as a trustee or otherwise, not fund any proposals or studies for the outsourcing of management functions of, or appointment of contract managers to, these entities.</p> <p>In relation to Air Niugini Ltd:</p> <p>(a) 30% of the vested shares and interests are to be transferred by IPBC to PUT on terms approved by National Executive Council on or about the date of this notice;</p> <p>(b) IPBC is to support and facilitate the proposed codesharing agreement with Qantas, the lease of a B767 aircraft and the provision of a State guaranteed loan by Bank of South Pacific Limited to Air Niugini in relation to the foregoing in a manner consistent with the other terms and conditions of this Vesting Notice and the Act;</p> <p>(c) for the period of six months from the date of this Vesting Notice, IPBC, as shareholder, is to facilitate, to the maximum extent permitted by law, the attendance at board meetings of an observer nominated by the Secretary of Treasury for the purpose of the State being kept informed of the status of the codesharing arrangements with Qantas;</p> <p>(d) for a period of twelve months from the date of this Vesting Notice, IPBC is not to exercise its rights as a shareholder to remove or replace any of the existing directors without the prior written</p>

Asset	Terms and Conditions
	<p>agreement of the Minister with responsibility for the Act; and</p> <p>(e) IPBC is to review, in conjunction with Air Niugini Limited, corporate governance issues relating to Air Niugini Limited and shall submit to the Minister with responsibility for the Act any proposals requiring Government or legislative action to strengthen the corporate governance of Air Niugini Limited (nothing in this condition shall be taken to prevent any action by IPBC and Air Niugini Limited to agree any measures which do not require legislative action to promote corporate governance).</p> <p>In relation to PNG Power Ltd, for the period of six months from the date of publication in the National Gazette of this Vesting Notice, IPBC is not to exercise its rights as a shareholder to:</p> <p>(a) remove or replace any of the existing directors, as at the date of this Vesting Notice, without the prior written agreement of the Minister with responsibility for the Act; and</p> <p>(b) appoint more than 3 additional directors to the board of PNG Power Ltd (not including appointments made to fill any vacancy arising on the board).</p>

Asset	Terms and Conditions
<p>All of the shares (of any class) and other ownership interests held by the IPBC, as successor to the Privatization Commission, Mineral Resources Development Corporation, Motor Vehicle Insurance Ltd (or any entity wholly owned by any of these entities) in each of:</p> <p style="padding-left: 40px;">Oil Search Ltd; Highlands Pacific Ltd; and Bank of South Pacific Ltd.</p>	<p>IPBC shall provide quarterly reports to the Treasury Department on financial and operating results and forecasts, and on sale plans and progress.</p> <p>At least 65,534,726 shares in Oil Search Ltd are to be transferred to PUT, together with such additional Oil Search Ltd shares as National Executive Council shall approve, and on terms approved by National Executive Council, on or about the date of this notice in both cases. The shares transferred to PUT shall include to the greatest possible extent shares which are not pledged as security to European Investment Bank.</p> <p>1,071,082 shares in Bank of South Pacific Ltd held previously by the Privatization Commission (and IPBC as its successor) are to be transferred to PUT on terms approved by National Executive Council on or about the date of this notice.</p> <p>In relation to Oil Search Limited, unless otherwise agreed to in writing by the Prime Minister, for the period of 3 years from the date of publication in the National Gazette of this Vesting Notice, IPBC must exercise its rights as a shareholder to seek to ensure the continued appointment as directors of the two nominees of the State on the board of Oil Search Limited as at the date of this Vesting Notice.</p>
<p>All of the shares (of any class) and other ownership interests held by any of the entities or bodies listed in Section 50(1)(a), (b), (d), (e) or (f) of the Act in PNG Dams Ltd.;</p>	<p>These assets are not to be sold. IPBC shall report quarterly to the Treasury Department on financial and operating results and forecasts.</p>

<p>All of the shares (of any class) and other ownership interests held by any of the entities or bodies listed in Section 50(1)(a), (b), (d), (e), or (f) of the Act and IPBC (as successor of the Privatization Commission) in each of:</p> <p>Cape Rodney Rubber (a business); Stettin Bay Lumber Ltd; Livestock Development Corporation Ltd; Ramu Sugar Ltd; Pacific Rim Plantations Ltd; Hargy Oil Palms Ltd; Higaturu Transport Ltd; Open Bay Timber Ltd; Gogol Reforestation Co Ltd; PNG Forest Products Ltd; Privatisation Commission (Pacific Place) Ltd; Privatisation Commission (Hagen Haus) Ltd; Privatisation Commission (Garden Hills) Ltd.; Port Moresby Private Hospital Ltd; Aquarius No. 21 Ltd; Finance Pacific Limited.</p>	<p>IPBC shall:</p> <p>(a) provide semi-annual reports to the Treasury Department on updates to business plans, financial and operating results and forecasts and on sales plans and progress;</p> <p>(b) use its best endeavours as owner to ensure that the business of each entity is managed at no future cost to the State budget while ensuring the entity is competently managed; and</p> <p>(c) subject to complying with any restrictions on dealings lawfully attaching to such assets, grant to PUT (upon request of PUT in each case and for no consideration) the right to acquire any of these assets which are not sold by IPBC within 12 months of the vesting of each asset in IPBC at independent valuation in each case, and otherwise on such terms as shall be agreed between IPBC and PUT.</p> <p>In the case of Cape Rodney Rubber the liabilities of this business are vested along with the assets.</p>
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Schedule 2

The following additional terms and conditions apply to each of the assets listed in Schedule 1.

IPBC shall facilitate, to the maximum extent permitted by law, the appointment of a director nominated by the Secretary of Treasury unless otherwise agreed in writing by the Secretary of Treasury.

All net proceeds from the sale of any vested asset after meeting the costs of that sale are to be remitted to the State.

IPBC is not to charge, grant security over, pledge, or otherwise encumber the assets of one entity to support the borrowings or liabilities of another entity, unless the entities are related

under Section 2(3) of the Companies Act otherwise than through their common ownership by IPBC.

Shares or assets vested in IPBC which are continuing security for loans at the time of vesting (including, without limitation, any shares in Oil Search Ltd pledged as security to European Investment Bank) shall not be disposed of, used as security or otherwise further encumbered without agreement from National Executive Council and the lender, so long as they remain as security for such loans.

Major assets or businesses vested in IPBC as trustee of the GBT which are required to be sold (or otherwise disposed of) in which the State or other entities listed in Section 50(1) of the Act hold 100% should be dealt with so that up to 5% of the equity in the entity being sold (or a pro rata amount of the equity in any merged entity resulting from sale or disposition) will subsequently be held by IPBC on trust for the collective benefit of employees of the entity or merged entity (or, in the latter case, a class consisting of or including employees identified by reference to their prior employment with the entity sold or disposed of) from time to time separately from GBT, unless in any case the acquirer or merged entity has committed to arrangements acceptable to IPBC to provide for employees of the relevant entity (or merged entity) to share in future financial benefits.

IPBC shall grant PUT, for no consideration, the right to acquire up to 10% of the equity in any major asset/business held 100% by IPBC (and in which PUT does not have an entitlement to acquire an equity interest at the time of vesting by agreement or by the other conditions attaching on vesting of that asset/business) (including, without limitation, PNG Telikom Ltd) on the subsequent sale or disposal by IPBC of all, or of at least 50%, of that asset/business, on terms substantially similar to the terms approved by National Executive Council in relation to other assets in this Vesting Notice, at a price equivalent to the value of the consideration receivable by IPBC on that sale or disposal less 15% to reflect the difference in value between a majority and minority interest.

Subject to the Act and any obligations IPBC may have in its capacity as a trustee, IPBC shall exercise all of its rights in relation to shares held in a company listed in Schedule 1 as a shareholder and shall refrain from participating in the direct management of the business and affairs of such companies. Nothing in this condition shall limit the rights of IPBC to take action, in its capacity as a shareholder, under the Companies Act 1997, any constituent documents of the companies or contracts entered into by the shareholders of such companies or under law or in equity.

Dated 2 August, 2002



Mekere Morauta Kt MP

Prime Minister

Minister with responsibility for the

Independent Public Business Corporation of Papua New Guinea Act 2002

Independent Public Business Corporation of Papua New Guinea Act 2002

Sections 31(3), 50(1) and 50(4)

Vesting Notice

I, **Sir Mekere Morauta**, Prime Minister, in accordance with Sections 31(3), 50(1) and 50(4) of the Independent Public Business Corporation of Papua New Guinea Act 2002 (the **Act**) hereby vest in the Independent Public Business Corporation of Papua New Guinea (the **IPBC**), in its capacity as trustee of the Water and Wastewater Trust established by regulation under the Act, the assets in Schedule 1 on the terms and conditions stated in Schedules 1 and 2 on and from the date of publication of this Vesting Notice in the National Gazette.

The conditions in Schedule 2 shall take precedence in the event of any inconsistency between the schedules.

Schedule 1

Assets	Terms and Conditions
<p>All of the shares (of any class) and other ownership interests held by any of the entities or bodies listed in Section 50(1)(a), (b), (d), (e) or (f) of the Act, and the IPBC as successor of the Privatization Commission, in NCD Water & Sewerage Ltd trading as Eda Ranu.</p> <p>All assets and liabilities of the Waterboard (including any agreements which the Waterboard may have entered into with any third party in relation to such assets or liabilities) apart from any which are reasonably required to be retained by the Waterboard to enable it to properly discharge its continuing functions as determined by National Executive Council from time to time.</p>	<p>IPBC shall:</p> <ul style="list-style-type: none"> (a) provide quarterly reports to the Treasury Department updating business plans, financial and operating results and forecasts for each entity; (b) use its best endeavours as owner to ensure that the business of each entity is managed at no future cost to the State budget while maintaining and improving service standards; and (c) to the extent reasonably practicable as a shareholder, cause the directors of each entity to investigate, at the cost of each entity, the commercial scope to engage a reputable international operator under a management contract. Treasury Department is to be provided with quarterly reports on progress measured against key milestones.

Schedule 2

The following additional terms and conditions apply to each of the assets listed in Schedule 1.

IPBC shall facilitate, to the maximum extent permitted by law, the appointment of a director nominated by the Secretary of Treasury unless otherwise agreed in writing by the Secretary of Treasury.

IPBC is not to charge, grant security over, pledge or otherwise encumber the assets of one entity to support the borrowings or liabilities of another entity, unless the entities are related under Section 2(3) of the Companies Act otherwise than through their common ownership (direct or indirect) by IPBC.

Shares or assets vested in IPBC which are continuing security for loans at the time of vesting shall not be disposed of, used as security or otherwise further encumbered without agreement from National Executive Council and the lender, so long as they remain as security for such loans.

Subject to the Act and any obligations IPBC may have in its capacity as a trustee, IPBC shall exercise all of its rights in relation to shares held in a company listed in Schedule 1 as a shareholder and shall refrain from participating in the direct management of the business and affairs of such companies. Nothing in this condition shall limit the rights of IPBC to take action, in its capacity as a shareholder, under the Companies Act 1997, any constituent documents of the companies or contracts entered into by the shareholders of such companies or under law or in equity.

Dated: 2 August, 2002



Mekere Morauta.Kt MP

Prime Minister

Minister with responsibility for the

Independent Public Business Corporation of Papua New Guinea Act 2002

Independent Public Business Corporation of Papua New Guinea Act 2002
Sections 31(3), 50(1) and 50(4)

Vesting Notice

I, **Sir Mekere Morauta**, Prime Minister, in accordance with Sections 31(3), 50(1) and 50(4) of the Independent Public Business Corporation of Papua New Guinea Act 2002 (the **Act**) hereby vest in the Independent Public Business Corporation of Papua New Guinea (the **IPBC**), in its capacity as trustee of the General Business Trust (the **GBT**) established under the Act, the assets and liabilities in Schedule 1 on the terms and conditions stated in Schedule 1 on and from the 18 July 2002

Schedule 1

Asset or Liability	Terms and Conditions
The liability of Post PNG Ltd represented by the advances amounting to Kina 12,276,539.54 made by the State to the Interim Liquidator appointed by order dated 23 August 2001.	The IPBC shall, to the extent reasonably practicable as a shareholder, cause the directors of the entity to issue shares in satisfaction of this liability of Post PNG Ltd.
The five (5) ordinary shares in Telikom PNG Ltd (numbered 000000001 to 000000002) held by the Prime Minister and Minister for Treasury on trust for the Independent State of Papua New Guinea.	The terms and conditions applying to the shares which are the subject of this vesting notice shall be the same as those applying to the vesting notice dated 18 July and published in the National Gazette No G116 of 18 July.

Dated 2 August, 2002



Mekere Morauta Kt MP

Prime Minister

Minister with responsibility for the

Independent Public Business Corporation of Papua New Guinea Act 2002

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