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# PRESENTATION OUTLINE

- **KCH Overview**
- **SOEs Contribution to Development**
- **Environment, Social and Governance**
- **Road Map**
- **KCH Strategy and Objectives**
- **Extractive Sector Projects 2023 and Beyond**
- **High Impact Infrastructure Projects**
- **Green Economy Opportunities**
- **Way Forward**



# OVERVIEW



- Kumul Consolidated Holdings (KCH) was established under the Kumul Consolidated Holdings Act 2002.
- KCH is the Trustee of the General Business Trust on behalf of the Government and people of Papua New Guinea.
- KCH and its SOEs, hold the backbone infrastructure for PNG in water, power, ports, airlines, telecommunications, postal services, logistics, agriculture and development finance.

# State Owned Enterprises

10 SOEs

Total Assets  
K5.6 billion

NOPAT  
K10 million

Revenue  
K260.4  
million

(As of Sept 2023)



Airline Services ■ >1m passengers ■ >24 aircraft



■ Mobile, Fixed, Data & TV ■ Subscribers 358,958



Wholesale Data Services ■ fibre & satellite



■ Microfinance ■ Launched 1967 ■ SME bank



Agriculture development ■ Coffee, Cocoa, Coconut



■ Port Services ■ 15 ports ■ >8.9 million tons annually



■ Power Generation Capacity > 600MW ■ Demand > 1GW



■ Current Supply > 91 000 ML ■ Water Demand >112, 000 ML



Logistics ■ 44 locations nationwide ■ Air, Sea, Road



25 locations ■ CTP Insurance ■ Re-insurance

# SOEs CONTRIBUTION TO PNG'S DEVELOPMENT

**Community  
Service Obligations**

**K643 million p/a**

**GoPNG Taxes**

**K1.2 billion p/a**

**Dividend Payment  
2022**

**K150 million**

**Total Employees**

**6,379**

- SOEs play a critical role in economic growth and contributes 2% to the National GDP.
- SOEs infrastructure contributes to economic development both by *increasing productivity outputs* and by *providing services to enhance the quality of life of our citizens*.
- SOEs operate in a challenging landscape both commercial and non-commercial markets.

# ENVIRONMENT, SOCIAL AND GOVERNANCE

## Environment



Regulation Compliance

Marine Safety

Renewable Energy (Solar & Hydro)

Water & Sanitation Act

## Social



SOE Community Service Obligations

Women Directorship Program

Gender Diversity

Disability Sponsorship

## Governance



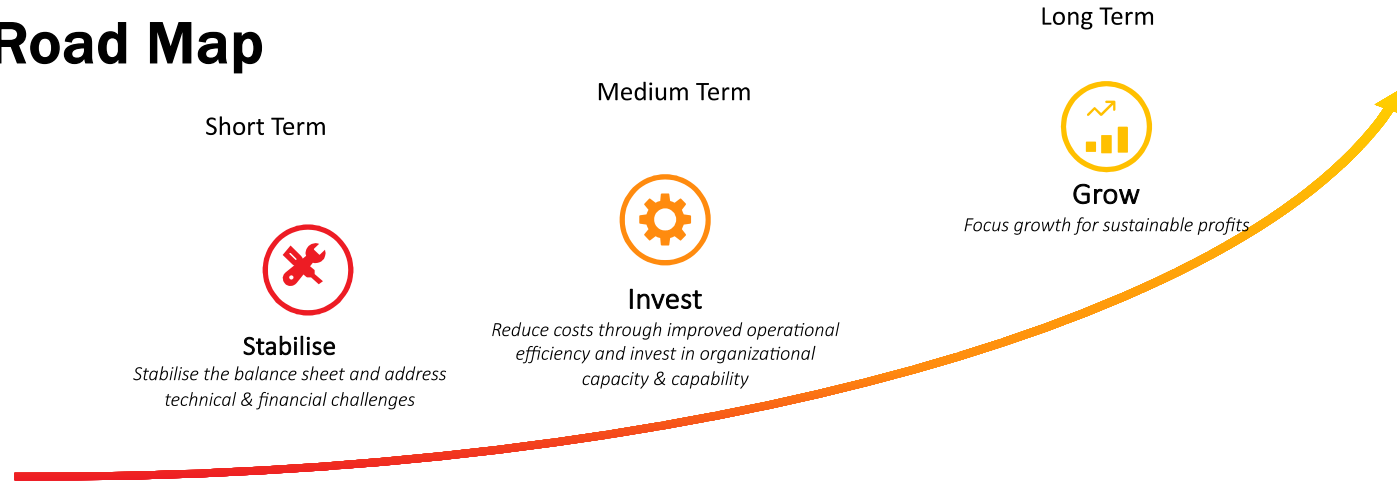
SOE Reform Program 2019 - 2022

KCH Act Amendments (2022)

Governance & Transparency

Whistle Blower Policy

# Road Map



Stabilise	Invest	Grow
<ul style="list-style-type: none"> <li>• Asset Management</li> <li>• Increase revenue</li> <li>• Improve return on assets</li> <li>• Expenditure Control</li> <li>• Stabilize financial position</li> <li>• Restructure debt</li> <li>• Service Reliability</li> <li>• Infrastructure Investment</li> </ul>	<ul style="list-style-type: none"> <li>• Diversify investments (<b>Renewable Sector</b>)</li> <li>• Enhance corporate governance</li> <li>• Increase public-private partnerships</li> <li>• Invest in SEZ</li> <li>• Establish Sovereign Wealth Fund</li> <li>• Facility management (<b>State Equity &amp; SEZs</b>)</li> <li>• Foresight planning</li> </ul>	<ul style="list-style-type: none"> <li>• Downstream Processing</li> <li>• Sustainable profits</li> <li>• Business resilience</li> <li>• Creativity and innovation</li> <li>• Return on assets</li> <li>• Return on investments</li> </ul>

# STRATEGY & OBJECTIVES

TO REALIZE KCH'S VISION AND MISSION, SIX STRATEGIC OBJECTIVES HAVE BEEN ESTABLISHED TO DRIVE OPERATIONAL AND FINANCIAL PERFORMANCE IMPROVEMENT

<b>KCH VISION &amp; MISSION</b>	<b>Vision:</b> Lead progressive transformation across our portfolio of State-Owned Enterprises to generate strong economic and social returns for the people of Papua New Guinea.		<b>Financial Sustainability</b>	
	<b>Mission:</b> Empower our State-Owned Enterprises with the guidance, capabilities, and resources needed to sustainably grow and deliver high quality services to the people of Papua New Guinea.		<b>Delivery Excellence</b>	
			<b>Customer Growth</b>	
			<b>Governance &amp; Transparency</b>	
			<b>Workforce &amp; Culture</b>	
			<b>Partner Engagement &amp; Privatisation</b>	



# EXTRACTIVE SECTOR PROJECTS 2023 AND BEYOND

## Pipeline of potential extractive sector projects in PNG

Project name	Initial investment		Additional output per Annum		Tentative timing	
	\$US, billions	% of GDP	Volume	% increase on existing output	Construction	Production
Papua LNG	13	558	5.4 million tons	62	2024-227	2027
P'nyang LNG	3	12.9	2.7 million tons	31	2028-2032	2023
Wafi-Golpu	2.8	12	14 tons gold; 180,00 tons copper	19; 162	2023-2027	2027
Frieda River	6	25.8	11 tons gold; 190,00 tons copper	15 171	2025-2035	2036
Ramu NiCo expansion	1.5	6.4	34,000 tons nickel; 3,300 tons Cobalt	100 100	2024-2027	2028
Pasca A	2.4	10.3	0.2 million tons LPG	No existing production	2024-2025	2026
Woodlark Island Gold	0.1	0.4	2.4 tons gold	4	2023-2026	2026



# HIGH IMPACT INFRASTRUCTURE PROJECTS

# KCH INVESTMENT OPPORTUNITIES

<b>STABILISE, INVEST AND GROW</b>			<ul style="list-style-type: none"> <li>• Air Niugini Refleeting Program - 13 new aircrafts</li> <li>• Pilot cadet Program</li> <li>• Skills development Program</li> </ul>
			<ul style="list-style-type: none"> <li>• BOOT Metropolitan Water &amp; Wastewater Facilities (1 Billion USD)</li> <li>• Port Moresby, Lae and Mt. Hagen</li> <li>• Water (325 MLD) and Wastewater (Lae &amp; (Mt Hagen)</li> </ul>
			<ul style="list-style-type: none"> <li>• Port Rehabilitation Program</li> <li>• K1.4 billion infrastructure funding (AIFFP)</li> <li>• Upgrade of Kimbe, Madang and Wewak Ports</li> </ul>
			<ul style="list-style-type: none"> <li>• PPL POM Grid Stabilization K211 million GoPNG Support</li> <li>• PPL Commercial Restructure</li> <li>• Ramu 2 Hydro Project 180 MW – Yalu Solar 10MW– Gazelle Solar 5MW</li> <li>• Edevu Transmission line K113 million</li> </ul>
			<ul style="list-style-type: none"> <li>• Telikom Partial Privatization</li> <li>• Network master plan to improve reliability and network coverage</li> </ul>
			<ul style="list-style-type: none"> <li>• New redundancy measures including satellite, undersea and fixed broad band</li> </ul>

# GREEN ECONOMY OPPORTUNITIES



# RAMU 2 HYDRO, NAORO BROWN & PNG DAMS

- Ramu 2 generation capacity estimated at 180MW.
- Ramu 2 is designed to supply power for the Wafi-Golpu Joint Venture (WGJV) mine in the Morobe Province as well as other existing mines already connected to the PPL grid.
- Ramu 2, Naoro Brown (80 MW) and PNG Dams are key green economic enablers to support the Government's long-term power sector development.
- PNG's abundant hydropower potential, further supports the Government's aim to increase the amount of clean renewable energy in the national energy mix.
- This will boost PNG's credentials internationally with respect to international conventions and targets on fossil fuel and carbon emissions reduction.

# YALU SOLAR

- The Yalu solar project is 10 MW project located in Morobe Province.
- It includes Battery storage system suitable for smoothing intermittent supply of solar power.
- 2.5km transmission line to connect the Project to Munum for interconnection to Ramu grid.

# GAZELLE SOLAR

- The Gazelle solar project was one of the key deliverables under the ADB SOE Reform sub-program 3.
- It has a capacity of 5 MW and has a potential to scale up to 10 MW.
- KCH has signed MoU with East New Britain Provincial Government to make land available for the solar.

# DYLUP PLANTATION

- The Dylup Plantation estate has a land area of 2,500 hectares of land area valued at \$US 5 million.
- The estate comprises coconut and cocoa plantations. However, has potential for cattle, hemp, tropical fruits and downstream processing.
- The estate comprises 6 portion of land which include cocoa and copra factories, admin office building, warehouse, workshop, residential properties, and storage facilities.
- This plantation has potential to contribute to carbon credits.



# CAPE RODNEY ESTATE

- The Cape Rodney estate has a land area of 1,600 hectares of land area valued at \$US 2 million.
- The rubber estate produces between 1.5 million to 1.7 million tonnes of rubber harvested per annum but has the potential to produce more than 10 million tonnes per year.
- The estate comprises 6 portion of land which includes rubber factory, rubber plantation, admin office building, workshop, residential properties, warehouse and storage facilities.
- This plantation has potential to contribute to carbon credits.





# KUMUL SHIPPING

- The Kumul Shipping Corporation Limited is a company registered under Investment Promotion Authority and is a key investment for Kumul Consolidated Holdings.
- Work has progressed to develop appropriate organizational structure, operational model and financing options.
- KCH is seeking to engage with key partners to take advantage of local content to procure and transport LNG, LPG, Fuel, JetA1 Fuel and cargoes for the domestic market and potentially international markets.

# WAY FORWARD

- The future of PNG's socio-economic growth depends on unlocking SOE infrastructure investment opportunities and facilitating mutually beneficial partnerships with investors.
- KCH will continue to work with its partners in the following areas:
  - ✓ Drive high-impact SOE infrastructure projects in the power, water, telecommunications, ports, airlines and postal services sectors.
  - ✓ PPP arrangements to improve SOE performance and service reliability for the resource boom.
  - ✓ SOE Infrastructure modelling for SEZ investments.
  - ✓ Downstream processing plants and export facilities.
  - ✓ Establishment of a Sovereign Wealth Fund framework.
  - ✓ Supporting broad-based growth strategy for the economy.

**THANK  
YOU!**

