

**(25.07.2010)**

## **PANGUNA LANDOWNERS ASSOCIATION'S GUIDELINES TO ALL SCRAP METAL OPERATORS IN BCL MINE LEASE AREAS.**

In order to have some kind of control mechanism in place the Panguna Landowners Association Executive has come up with some guidelines to assist those scrap metal companies who have been carrying out this operation and others who are intending to do so on certain procedural requirements that they must abide by before they can start any operations in the BCL mine lease areas. The main reasons as to why PLA Executive members have come up with these guidelines are twofold:

- A. There has been too much uncontrolled scrap metal operation in the past and only certain individuals have benefitted enormously without the landowners getting any share.
- B. ABG as the authority on the ground has nothing in place as to how these individual operators can be monitored and as such ABG too has not benefited in taxes.

So by coming up with these simple guidelines PLA wishes to make sure that any individual or a group that wishes to carry out Business activity is required by law to have a company registered with the Investment Promotion Authority (IPA). Apart from this and in respect to the Scrap Metal Operations in the Bougainville Copper Mine Lease Areas, any Individual or a Group who is already carrying out this or who intends to do so must adhere to the following procedural requirements. At present there is ONLY one company that has fulfilled all these requirements and this company is called Komeri Holdings Limited (KHL). This company is now operating under a joint venture arrangement with a foreign company which has also registered its subsidiary company with IPA under the name of Capital Equipment Bougainville Limited (CEBL). The Joint venture Company between KHL and CEBL is called Panguna Metals Limited, (PML).

The procedural requirements are as follows:

1. Must have endorsement in writing from Panguna Landowners Association (PLA) Executive. When giving this endorsement PLA Executive will consider the following:
  - a) Has the company got a copy of IPA registration certificate? Who is their foreign investor/partner? Has he got an IPA registered company?
  - b) Who and who are involved in this company? Are there any other people other than Panguna landowners involved in this company?
  - c) How many immediate family members of BCL mine lease title holders are associated with this company and from what particular mine lease do these people come from?

- d) What percentage of the Gross sales value (after tax) from this company will go towards the PLA established trust account through KHL towards community projects and also to support the work of PLA? There has to be consultation with KHL and PLA management so as to come to some amicable understanding as to how this particular company will carry out its operations and in what specific area of the BCL mine leases.
2. Must have the endorsement from ABG. In order to get this far the company intending to carry out scrap metal operation in the BCL mine lease areas will have to:
    - a) Have in hand the copy of the PLA Executive's endorsement;
    - b) Secondly have a copy of the IPA registration certificate. The foreign partner too must have IPA registered company that will go into partnership with the local company;
    - c) A company works plan including the financing aspect of the operation. What the joint venture partnership arrangement is. The name of the joint venture company and how it is structured. Is it registered with Internal Revenue Commission? If so what is the company's GST number?
    - d) Include all the particulars of the foreign partner company and its previous other operations anywhere in other parts of the world. Provide financial details in order to show that it has the financial capacity to sustain the joint venture arrangement during the preparatory stages of the operations;
    - e) Individual foreign company personnel must have valid Business Visas in the initial stages and later must have a valid Work Permit. Further to this all expatriate individuals will be screened as to their personal historical background;
    - f) Any other requirements that ABG may want the company to provide. Having satisfied that everything is in order ABG will give its endorsement to the company.
  3. Armed with both PLA and ABG's endorsements the company must consult with BCL. If all of the above is in order BCL will give its official recognition in writing as a Panguna Landowners company and will assign to it a specific mine lease area to carry out its scrap metal operations.
  4. National Government agencies. The company has now got endorsement from PLA, ABG and BCL and it now time to make sure it complies with the relevant National Government online agencies and these are:

- a) Mineral Resources Authority (MRA)-Mining Department is the National Government's agency as far as its shareholding in BCL is concern. The particular company must consult MRA officials along with all its documents. Upon being satisfied the official will give a written endorsement.
- b) IRC and Customs. There are important company operations requirements especially from Internal Revenue Commission that this company must apply for. Consultations with IRC will ensure that your company has applied for and has complied by filling the right forms, such as personal tax deduction forms, Annual company returns forms, funds transfer overseas forms, etc, etc, ....
- c) Labor, Employment and Industrial Relations. Work Permit for foreign workers is a must. Foreign employees must not be fooled by just having a Business Visa. Business Visa is only temporally and must not be abused by any foreign partner who is working with the local company. Every effort must be made to apply for a Work Permit.
- d) Department of Foreign Affairs, Immigration and Trade. The Immigration Branch will be very strict with any foreigners who do not comply with the specific provisions of their respective Visas. It is in the best interest of the joint venture company management to monitor each of its foreign partner employees' Visas. It is a must that any scrap metal operator must consult directly with the Branch of Immigration to make sure that their foreign partner's Visas and Work Permit Visas are in order.

**NOTE:**

Any endorsement by PLA Executive committee must be done through a decision of any five (5) members of the committee.

All Inquiries must be directed in the first instance to the following PLA Executive members:

1.	Mr. Chris Damana	Chairman	72434787
2.	Mr. Michael Pariu	Deputy Chairman	73415185
3.	Mr. Bernard Devata	Member	72152581
4.	Mr. Wendelinus Bitanuma	Member	
5.	Mr. Tony Tapakau	Member	76937163
6.	Ms. Maggie Clason	Member	76217284
7.	Mrs. Scolastica Meuka	Member	
8.	Mr. Lawrence Daveona	Member-Port Moresby	71971595