‘Let’s not repeat our past mistakes’

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When Paul Nerau talks, it’s time to listen. He is no run-of- the-mill bureaucrat, writes YEHIURA HRIEHWAZI

Picture:

THIS is someone who literally controlled 18 businesses worth about K100 million as CEO of the Bougainville Development Corporation until the civil war on the copper-rich province tore up the business and he picked up his briefcase and walked out.

“I was a millionaire, I know what I am talking about,” says Paul Nerau, Papua New Guinea’s Consul General in Brisbane, Australia. “Let’s not repeat our past mistakes. Kutubu is almost gone, there is nothing to show for it.”

He was a teenage high-school student at Rigu when he worked as a casual on pilot mill plants at CRA’s Bougainville Copper mine in Panguna during school holidays in 1968. In subsequent years, he worked as a cashier in a grocery supermarket in Panguna during school term breaks until he graduated with a Bachelor of Law at the University of PNG.

Mr Nerau grew up with the mine, understands the language and worked hard to capture some of the riches and keep them onshore through buybacks, acquisitions and joint ventures. He drove that and drove it hard with an iron-hand. Had it not been for the crisis, BDC would now be one of PNG’s iconic billion-dollar operations – a fine example of locally-owned spin-off businesses conceptualised from exploitation of PNG’s rich natural resources. Sadly, there’s no such credit to the current projects. If there are, they’re known only to a privileged few.

Landowners, leaders and fly-by-night carpet beggars are squandering off the wealth from oil, gold and copper projects. Millions of Kina is being spent recklessly and is manifested in the disgust observed by a senior member of the national and supreme courts bench last week that Southern Highlanders were shamelessly rushing to court for nothing other than disputes over oil money. The situation reared its ugly face within the precinct of the courts in a fist-fight captured on the front-page of this newspaper.

When Ok Tedi mine ceases operation in 2015, Tabubil will become a ghost town. There's no Moro township now, so Lake Kutubu will reclaim its natural habitat when the pipeline runs dry, illegal miners will take over waste dumpsites in Porgera scavenging for the precious yellow metal at their own peril and Lihir will return to tranquillity caressed by the vast Pacific Ocean breezes. The older people will return to their bushes and sea to continue living as they've always done, but the young generation of people born into the cash-flushed extravagant and wasteful lifestyles will be psychologically, physically and mentally displaced - therein lies simmering problems.

With the emergence of the liquefied natural gas project, Mr Nerau is flashing red lights and putting up warning signs. The enormity of the project is almost incomprehensible to the mind of the ordinary Papua New Guinean. Constructed at the cost of K42 billion, it will generate K150 billion in tax revenue alone to the government coffers, which if Minister Arthur Somare has his way, will be managed by his IPBC office under a sovereign welfare fund and not by the Department of Finance under normal revenue and budgetary processes. That's taken care of the government share of the project benefits. What about landowner royalty payments, construction money and benefits from supplying and contracting during construction phase and on-going operations? This is where Nerau says, leaders must be extremely careful and ensure that a large portion of the funds remain onshore.

"How much of the K42 billion will stay in PNG," he asks. "Don't talk about 20 million or 50 million, that is not money ... you talk about a billion dollars, that is money," he says with a firm tone and glitter in his eyes. This is an enormous project and a lot of the construction money must stay in PNG.

How can that be captured? Through the national content provision in the project agreement, he says, the government should negotiate that for each contract, there should be a certain percentage for PNG businesses.

"We can't stuff it up now, the Department of Commerce and Industry should quickly set up a National Content Monitoring office to ensure that this is done," he said.

"Public service must click into action now and look outside of the normal bureaucratic circles and initiate moves to get our businesses involved ... the national content monitoring office must not be run by bureaucrats, it should be driven by a very senior person from the private sector," he insists.

Australian businesses are keen to come in, "but are we ready", he asks. Australian companies will be backed by Australian government's Export Finance Investment Corporation (EFIC) and as a pre-condition, Australian equipment and services must be sources for the project.

The LNG project has generated an unprecedented high number of interests wanting to do business with PNG amongst Queensland and northern Australian companies. He ran trade seminars in Cairns, Townsville and Brisbane and is planning one for Darwin. "I haven't been to Darwin yet ... I don't really know what it's like there." In Cairns, 120 business houses were represented, in Townsville there were 95 and in Brisbane another 120, he said.

Entering the public service from the private sector, Mr Nerau had to grapple with a public service culture before he guided his eight staff to re-focus and make the office more welcoming to visitors.

"Every person that walks in that door brings in money that pays our wages, that's how we must work and treat visitors to our office," he told staff during re-orientation briefings.

"The office was one of the most hated offices in the past, people use to say bad things about us, it used to take three to four weeks for visa approvals. I asked the staff why it took so long and they said, that's how it was done. I changed that. Business and tourism visas are issued here within 24 to 48 hours. The staff working hours are altered to ensure that there is one staff in the office attending to visa enquiries during lunch hours," he said.

He said when he first arrived in Brisbane three years ago, there was only about $A40,000 generated monthly, soon after it went up to $A60,000 monthly and last month alone netted $A140,000 and increasing – spurred on by the gas project.

He also initiated a "first" in terms of methods of payments for visa fees from multi-national corporations like Oil search Limited and Lihir Mining Ltd who set up "impress accounts" to pay visa fees for their staff on projects sites. The companies pay lump sums periodically into the accounts which are held by the consulate. "We make payments for the impress accounts and then produce reconciliation reports for the companies," he said.

He is talking to Australian companies and encouraging them to move to Port Moresby and set up offices, employ the locals and training them if they have to and pay taxes to the government.

"I tell them to also go into joint venture operations with PNG companies and work with them in win-win arrangements," he said. Reception so far has been overwhelming.

He is telling trucking companies to go and set up driving schools in Port Moresby to meet ExxonMobil's need for 1000 highly qualified drivers and heavy equipment operators.

He has spearheaded moves for 2000 young people to be trained annually for five years at TAFE colleges in Queensland to provide the technically-skilled manpower base for the construction work. National Planning Department has taken ownership of the initiative and only as recently as two weeks ago, the director of the officer of Higher

Education Mr William Tagis was on the phone with him on the project. With the heightened level of interests for in-bound businesses, is the Waigani bureaucracy able to facilitate approvals for new ventures coming in? That, Mr Nerau says, is another story!