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[2016

Independent Public Business Corporation of Papua New Guinea Act 2002

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

VESTING NOTICE

I, Hon. William Duma, CMG, MP, Minister for Public Enterprise and State Investments, in accordance with Section 31(3), 50(1) and 50(4) of the *Kumul Consolidated Holdings Authorisation Act 2002* (formerly the *Independent Public Business Corporation of Papua New Guinea Act 2002* now amended by the *Independent Public Business Corporation of Papua New Guinea (Kumul Consolidated Holdings (Amendment) Act 2015)* (the "Act") and all other powers enabling me to do so, hereby:

1. vest in the Kumul Consolidated Holdings (hereafter "KCH") in its capacity as trustee of the General Business Trust established under the Act, all of the right, title and interest of the State or the entities named in Schedule 1 in table 1 below (being wholly owned subsidiaries of KCH) in and to all of the assets whether within or outside Papua New Guinea described in Schedule 2 of table 1 below together with all of the liabilities stated in Schedule 3 of table 1 below. The vesting authorised by this notice operates as an absolute transfer of the defined assets to, and the assumption of the defined liabilities by KCH on and from the date of publication of this Notice in the *National Gazette*;

TABLE 1

Schedule 1 (entity)	Schedule 2 (assets)	Schedule 3 (liabilities)
Telikom PNG Limited and its successors and assigns (hereafter "Telikom PNG")	<ol style="list-style-type: none"> 1. All assets and rights of use comprising international communication networks, facilities, cables, optic fibre, radio links and landing points including, without limitation: <ol style="list-style-type: none"> (a) submarine cables and landing points for APNG-2 and PPC-1; (b) internet gateways, including, without limitation, Tiare 1 and Tiare 2; and 2. All assets and rights of use comprising wholesale domestic optic fibre and related facilities, including, without limitation, optic fibre cables, which are described in table 2 below; 	All debt facilities drawn down for capital expenditure on these assets.

Vesting Notice—*continued*Table 1—*continued*

	<p>3. Rights to land, power equipment and structures on which any of the above assets are located;</p> <p>4. All systems, licences and services required to operate and maintain these assets; and</p> <p>5. Allocated cash or contractual rights to draw finance to fund construction work in progress for any of the above assets.</p>	
<p>The State and any division or agency of it, including Departments, Provincial Governments, Local-Level Governments, the National Capital District Commission and the Bougainville Government, and any statutory bodies.</p>	<p>1. All assets and rights of use comprising the Integrated Government Information System (IGIS);</p> <p>2. All systems, licences and services required to operate and maintain these assets; and</p> <p>3. Allocated cash or contractual rights to draw finance to fund construction work in progress for any of the above assets.</p>	<p>All debt facilities drawn down for capital expenditure on these assets.</p>

TABLE 2

Tranche 1 assets and debt drawn down for capital expenditure on these assets, by 30th June, 2016	Tranche 2 assets and debt drawn down for capital expenditure on these assets, by 31st December, 2016	Additional assets and debt drawn down for capital expenditure on these assets
<p>1. All assets and rights of use comprising international submarine cables and related assets:</p> <p>(a) APNG-2, the existing submarine cable from Port Moresby to Sydney;</p> <p>(b) all rights of use in PPC-1, the PIPE Networks international submarine cable from Madang to Australia and Guam including the Point of Presence (POPs) in those locations, 80km Fibre Spur to PPC-1, the landing stations equipment including the building and land in Madang;</p> <p>(c) all international gateways including POPs and equipment related to Tiare 1 and Tiare 2 in Port Moresby and Madang;</p> <p>(d) all connections in Sydney (Oxford Falls for APNG-2 and Global switch for PPC-1 at Cromer, Global switch, Oxford Falls and interconnecting fibres between Cromer-Global Switch-Oxford Falls) and Guam (PPC-1) including their operation and maintenance contracts, equipment and systems;</p> <p>(e) Tiare Internet gateways at Madang and Port Moresby (Tiare 1 and Tiare 2);</p> <p>2. Lae to Madang via Yonki OPGW Switching and Transmission Equipment specifically Huawei OSN 1800 and 3500 DWDM equipment series;</p> <p>3. Rights to the ownership and/or access to land, power equipment and structures on which any of the above assets are located; and</p> <p>4. All systems, licences and services required to operate and maintain these assets.</p> <p>5. Allocated cash or contractual rights to draw finance to fund construction work in progress for any of the above assets.</p>	<p>1. By 30th September, 2016 Microwave (M-W) link assets consisting the recently upgraded High Capacity Network IP M-W links (the HCN) to form a transmission ring. The M-W links include:</p> <p>a) Port Moresby-Lae;</p> <p>b) Lae-Madang;</p> <p>c) Madang-Hagen;</p> <p>d) Hagen-Port Moresby;</p> <p>e) Hagen to Wewak;</p> <p>2. By 31st December, 2016 Remaining Microwave Link Assets (if upgraded to digital and IP working) including:</p> <p>a) Wewak to Vanimo;</p> <p>b) Lae to Kimbe;</p> <p>c) Kimbe to Kokopo;</p> <p>d) Kokopo to Kavieng;</p> <p>e) Port Moresby to Popondetta; and</p> <p>f) Port Moresby to Alotau</p> <p>3. By 30th September, 2016 Satellite Assets: All contractual rights held by Telikom PNG or any other state-owned enterprise to relevant domestic and international Satellite assets for backhaul and international capacity and back up including the Gerehu Earth Station in Port Moresby.</p> <p>All systems, licences and services required to operate and maintain these assets.</p>	<p>1. Other assets (and all debt facilities drawn down for capital expenditure on these assets) may also be required to be transferred from Telikom PNG to KCH (and any subsequent transfer by KCH to PNG DataCo Limited) (hereafter PNG DataCo) and these will be identified with further analysis in conjunction with Telikom PNG and consistently with NEC Decision 32 of 2014.</p> <p>2. Other assets (and all debt facilities drawn down for capital expenditure on these assets) from other state-owned enterprises including transmission towers and other assets to complement the development and operation of the National Transmission Network project (NTN Project).</p>

Vesting Notice—*continued*

2. (a) Immediately upon the vesting referred to in paragraph 1 above, hereby direct KCH pursuant to Section 6(6) of the Act to give effect to and immediately implement NEC Decisions 107/2011 and 32/2014 and facilitate the further transfer of these assets and related liabilities from KCH to PNG DataCo, with effect on and from the date of publication of this Notice in the *National Gazette* and such shall be accounted for on a “net book value” valuation basis recognising this a same/common shareholder (KCH) transaction hence no financial consideration in exchange for these assets between these entities. The transaction between these entities will be validated by a PGK1 in exchange for these assets to signify the transaction. Such transfer shall also include IGIS which is required for the purpose of ensuring that PNG DataCo owns, operates, manages and provides infrastructure, platform and capacity services to Government agencies of the State including, without limitation, e-learning services, electronic identification services and Enterprise Research Platform/ Business Support Systems services;
- (b) hereby direct KCH pursuant to Section 6(6) of the Act (and, in respect of the telecommunication tower assets referred to in table 1, the Minister and Department for Communication and Information Technology) to facilitate Telikom PNG and PNG DataCo and the other entities referred to in table 1 above to record the accounting treatment referred to in paragraph 2(a) above in their books as soon as reasonably practicable within the timetable referred to in table 2;
3. To the extent not already addressed in paragraph 2 above and within the timetable referred to in table 2:
 - (a) immediately upon the vesting referred to in paragraph 1 above, hereby direct KCH pursuant to Section 6(6) of the Act to give effect to and immediately implement NEC Decisions 107/2011 and 32/2014 and facilitate the further transfer to PNG DataCo from KCH, accounted for on a “net book value” valuation basis recognising this a same/common shareholder (KCH) transaction, ownership of and access to the following assets and related liabilities: OPGW and ADSS communications cable infrastructure that are installed onto PNG Power's High Voltage transmission towers and Low Voltage distributions poles (excluding those owned by PNG DataCo Limited). These are to be owned, accessed, operated and maintained by PNG DataCo for purposes of the NTN Project. This includes existing optical fibre submarine cable in Bougainville (Buka to Sohano and Mainland Bougainville), and New Ireland (Sivasap to Nago) and all future planned links granting only 3 fibre pairs of these links (OPGW/ADSS) to PNG Power only. PNG Power may have rights to these assets but only for the sole purpose of, and to the extent required for, use for electrical transmission and distribution management and monitoring;
 - (b) hereby direct KCH pursuant to Section 6(6) of the Act to give effect to and immediately implement NEC Decisions 107/2011 and 32/2014 to facilitate PNG Power and PNG DataCo to record the accounting treatment referred to in paragraph 3(a) above in their books as soon as reasonably practicable; and
 - (c) in addition to the vesting referred to in paragraph 1 above and the transfer and accounting referred to in paragraphs 3(a) and (b) above, direct the KCH to facilitate the transfers of the assets referred to in paragraph 3(a) above being documented by agreements between the relevant legal entities (in the form of deeds or such other legal agreement) as soon as reasonably practicable.

Dated this 10th day of June, 2016.

Hon. W. DUMA, CMG, MP,
Minister for Public Enterprise and State Investments.