

Data analysis report

# BCPNG Business survey

12 February 2024



**BUSINESS COUNCIL  
OF PAPUA NEW GUINEA**  
VOICE OF THE PRIVATE SECTOR



# Methodology

The information presented in this report is based on data gathered from an online survey conducted by the Business Council of PNG (BCPNG) in collaboration with PwC, from 16 January to 22 January 2024.

Therefore, the findings are only reflective of the experiences of the respondents and may not mirror the experiences of other industry players that were not able to participate in the survey.

The data gathered from this survey aims to provide insights from businesses on the impact to business resulting from the looting and destruction (or “events of 10th January”) caused on 10 January.

The questions were both open ended, which required a free text response, as well as multiple choice questions. The survey questionnaire was sent to respondents using an online survey tool, and the data gathered was analysed and organised by responses into themes. The responses were gathered on a confidential basis and the responses have not been audited or validated. In some cases, the free form responses have been edited for clarity and context. Data on losses were based on survey responses and information provided directly to BCPNG.

The responses are those of the respondents and do not purport to reflect any other views, including the views of the Business Council of PNG or PwC.

# Methodology and respondents

A total of **106** businesses were surveyed  
**64%** are long-established businesses, doing  
business in PNG for more than a decade



## Years in operation in PNG

























Less than five years	<b>13%</b>
Five to ten years	<b>23%</b>
Ten to 15 years	<b>12%</b>
15 to 25 years	<b>9%</b>
More than 25 years	<b>43%</b>

## Size of business

Large enterprise	<b>26%</b>
Medium enterprise	<b>27%</b>
Small enterprise	<b>30%</b>
Micro enterprise	<b>16%</b>

# Methodology and respondents

The respondents represent 26 sectors of the economy:

 Agriculture	5%	 Government	1%	 Other financial services	1%
 Automotive	2%	 Healthcare	1%	 Pharmaceuticals and life sciences	1%
 Aviation	1%	 Industrial goods and services	2%	 Professional services	6%
 Banking	1%	 Insurance, stock broking and asset management	1%	 Real estate and property	4%
 Construction	3%	 Manufacturing	12%	 Retail and consumer goods	29%
 Diversified corporate	5%	 Mining	2%	 Superannuation	1%
 Energy	4%	 Non-bank financial institution	1%	 Technology, media and telecommunications	5%
 Engineering services	1%	 Oil and gas	2%	 Tourism and hospitality	1%

Other sectors not listed - 10%

Viewed as a whole, the respondents' business operations cover the majority of the suburbs in Port Moresby along with provinces across PNG.

# Total estimated loss to businesses

## Estimated revenue forgone

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Total revenue forgone due to the closure of businesses as a result of looting and destruction was estimated at **K185m**. This estimate represents amounts from temporary closure and in some cases includes estimates of lost revenue due to the time it will take to restore and rebuild operations.

## Value of stock lost and property lost

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The total estimated value of stock lost was **K226m** and the estimated value of property lost was **K264m**, resulting in an overall loss in the value of assets amounting to **~K490m** due to theft, fire and other damages.

## Estimated time to re-open for trade

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**58%** of respondents to this question said that they weren't able to open for trade within the week and it would take approximately one month to re-open, while **16%** said that it would take 3-12 months before they would re-open.



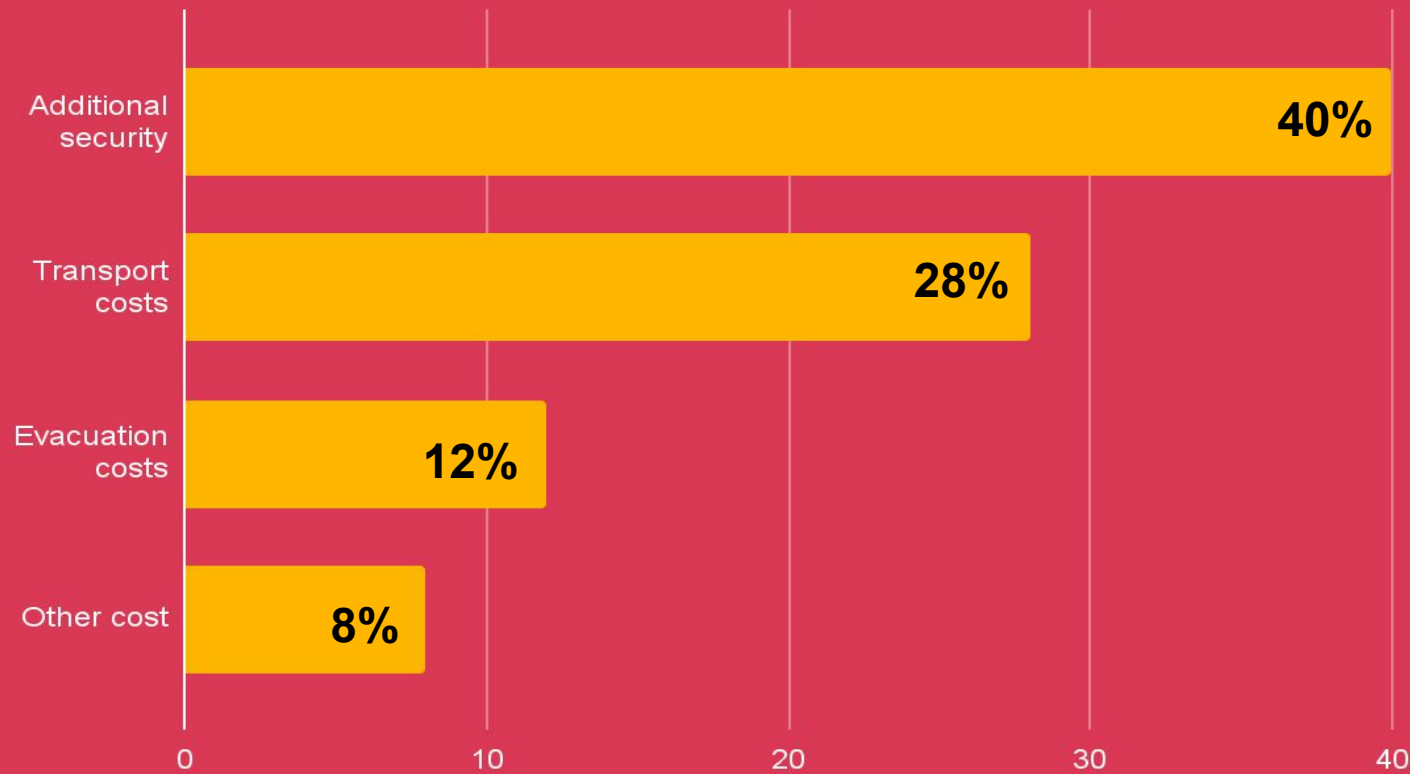
**~K490m**

The value of stock and property lost is estimated at K490m.

# Total estimated loss to businesses

## Incremental costs incurred during the incident

Additional costs incurred by business to safeguard people and assets



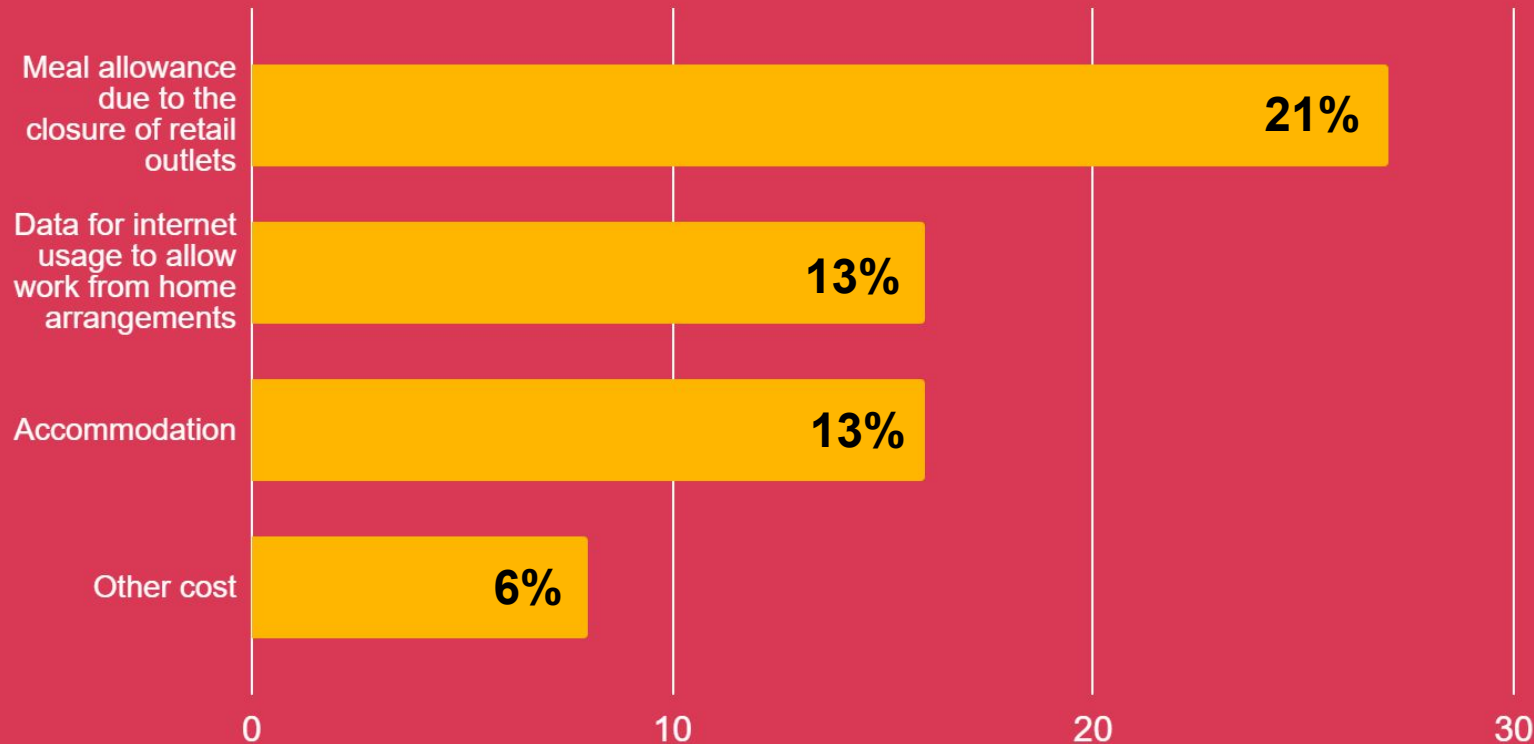
Other costs included:

- Accommodation costs due to unsafe environment
- Meals for employees and hired security staff
- Relocation costs
- Disrupted flight arrangements
- Recovery of property and stolen items

# Total estimated loss to businesses

## Incremental costs incurred during the incident

### Additional direct employee costs incurred



### Other costs included:

- Access to helplines
- Compensating employees during business closure i.e. Ordinary pay
- Recognition incentives to staff who protected the property from potential looting.

# Potential immeasurable consequences to communities, businesses and the economy

## Loss of employment

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27 businesses out of the 106 surveyed (**25%**) intend to have a redundancy program to mitigate losses.

## Loss of tax revenue

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Tax collections will be negatively impacted by reductions in the collection of SWT as salary and wages have been lost, as well reduced company tax collections through the loss of profits from disrupted trading and stock and property losses. GST collections will also be disrupted for a significant time.

## Impact of investment decisions

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32% of respondents are considering a reduction in investment, including divesting and discontinuing their investment plans.

# 32%

of the businesses surveyed are reconsidering their investment decisions.





# Potential immeasurable consequences to communities, businesses and the economy

## **Reduction in business activity and inbound investment**

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International businesses and organisations have announced travel restrictions to PNG as a result of the unrest which has a direct impact on business travel/ inbound business activity and tourism revenues for the foreseeable future.

## **Cost to business and support from insurance**

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30% of the organisations surveyed expect to claim insurance due to the losses incurred. It is anticipated that insurance costs for all businesses will increase or become unavailable.

## **Working capital requirements and supply chain**

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The value of stock lost has raised concerns for businesses, and this is now impacting decisions around stock quantity orders. This is also impacted by available working capital. Many of the businesses are at risk of not being able to fund working capital requirements. This is compounded by the reliance on long lead times and foreign exchange availability for imports of products.



**30%**

organisations that lost stock expect to claim insurance due to the loss incurred.

# Free text responses from respondents



## Cost of living

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- There is an expectation of more accelerated increases in the cost of living within POM in particular that will be borne by all staff going forward.
- The destruction of shopping venues in certain city locations will continue to impact those with reduced access to alternatives and is likely to cause an increase in costs for local residents.



## Recovery

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- Implementing strategies to provide relief and support to businesses will requires coordination among government agencies, local communities, non-profit organisations, and the private sector. It's important to tailor the response to the specific needs and circumstances of the affected area and to address both immediate needs and long-term recovery.
- We will need to undertake additional training for staff on crisis management, and broader risk mitigation strategies. This will increase the costs for business.

# Free text responses from respondents



## Security and safety concerns

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- There were direct impacts on the health and safety of our staff with multiple injuries reported within our staff.
- There is a concern that once this type of behaviour has occurred once, it is more likely to occur again, particularly as the perpetrators of much of the violence will likely not suffer the consequences of illegal behaviour. There is an expectation that more will be done by relevant government departments to prevent such events.
- There is a significant increase in fear and anxiety among business owners and staff. Security costs are bound to increase and there is the potential for an increase in demands for informal protection rackets in the absence of sufficient policing
- There are concerns over the medium term implications arising from injury and death with the potential for retribution or compensation demands.

# Free text responses from respondents



## Impact on investment

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- The confidence in our business investment has been dented and there are increased concerns about personal safety for business people and staff.
- There has been a material negative impact on investment confidence and the desire to grow businesses in the community. Our business stems from several decades of family investment and commitment to PNG, but the instability causes concern about maintaining a presence for future generations of our family and investment presence. PNG investment conditions over the last few years have become more hostile and inhospitable to international investment that genuinely seeks to benefit PNG's people and contribute to nation building. When leadership rhetoric antagonizes investor sentiment, and cannot guarantee or nurture a policy environment which allows for mutual benefit and growth, it is discouraging.

# Free text responses from respondents



## Access to foreign exchange

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- Restocking and rebuilding will require significant clear access to foreign exchange. This has been significant struggle over the past years. Further, without a source of income, it will be difficult to obtain finance for restocking.
- Most of the inputs for our business are purchased internationally - there are no local sources. More, and more timely access to foreign exchange will need to be provided to us in order for us to resume operations.

# Free text responses from respondents



## Adverse effect on demand and supply

- Although the direct impact of the civil unrest in our case was limited, we are concerned by the potential flow on effects as our customers have been more directly impacted. The potential for further reduction in business is very real.
- The supply chains and distribution networks have been significantly impacted in POM, the flow on effects will go through a large part of the business community.
- The impact on cash flow across the community is yet to be fully understood. It will take some time until we are able to understand the implications for our planning for 2024 and into 2025.

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# Thank you

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