

LANDOWNER COMPANIES IN PNG

A short case study of
PNG's most
successful Lanco



WHAT IS A LANDOWNER COMPANY (LANCO)?

- A corporate structure developed to enable land owners to participate financially in (resource) projects in PNG
- Lanco success factors as described by Dr R.Jackson:
 - Lancos must rigorously comply with commercial best practice especially in the area of governance;
 - Success or failure needs to be assessed in terms of the Lanco's aim (Does it intend to accumulate assets? Or are dividend payments a priority? Does it intend to restrict shareholding to certain groups of individuals?).
 - Such aims will certainly vary from one Lanco to another – it is critical that such aims, and the means the Lanco proposes to adopt in order to achieve them, are explicitly laid out in its constitution. Only ¼ of Lancos have their own constitution.



COMPLETE END-TO-END SOLUTIONS ENABLED BY A BREADTH OF SERVICES

THE ANITUA GROUP



Diverse Services
Delivered Solutions

WHO ARE ANITUA

- Single most successful Lanco associated with the PNG mining industry
- Corporate face of Lihirians – Lihir Island
- Set up in 1989 for Lihirians to participate in Lihir Gold Project
- 29 subsidiaries & joint ventures
- Employing over 3000 people
- 30 locations throughout PNG & Australia

“Lihir landowners have created the most successful and potentially most sustainable financial entities

of any mining site in PNG.” The Development and Current State of Landowner Businesses Associated with Resource Projects in Papua New Guinea. 2015 RICHARD T. JACKSON



A ROCKY ROAD TO SUCCESS

2007

- Dysfunctional systems
- & business processes
- Financial volatility
- “Silos” rather than co-ordinated corporate structure
- Poor governance
- Lanco stigma



KEYS TO ANITUA'S LANCO SUCCESS

- A focused commercial model
 - Corporate business structure rather than social entity
- Implemented corporate governance & company constitution
- Long term vision & plans - Lihir Destiny
- Strong leadership by senior (educated) Lihirians
- Stakeholder engagement & communication
- Understanding of complex cultural nuances & marrying stakeholder expectations with commercial management
- Partnering with other Lanco groups on commercial terms



SOCIALLY RESPONSIBLE AND PROGRESSIVE



We have gained the respect and confidence of landowner groups for our honesty and integrity

Helping other landowner groups participate commercially in resource projects throughout PNG



RISKS OF LANCOs

- Division of clans
- Inequalities developing – haves & have nots
- Inequality of shareholding in Lancos
- Not developing company constitutions to reflect Lancos' purposes
- Resource companies not supporting Lancos in achieving their long term goals
 - Short term \$ focused approach rather than partnership approach
 - Not seen as representative of Landowners / Stakeholders
 - Conflict between Shareholder return and “Looking After” Lancos
- Competition between Lancos watering down returns & creating new tensions between landowners



GOVERNANCE & COMPANY STRUCTURE

- All clans represented on the Board
- Strong corporate governance
 - Audited accounts
 - Rules for directors – conduct & duties
 - Code of Conduct for all staff
 - Open door policy for any questions of management
 - Yearly annual report and shareholder meetings
 - A minimum of 6 board meetings a year

“Our senior managers are culturally sensitive & experienced in managing & delivering on landowner expectations”. John Gethin-Jones, CEO





**SUSTAINABLY DRIVEN,
SOCIALY RESPONSIBLE
AND PROGRESSIVE**
DELIVERING WORLD'S BEST PRACTICE



Diverse Services
Delivered Solutions

LIHIR DESTINY

A long term plan for the success of Lihirians:

- Commercial viability (Anitua Group)
- Education
- Law & order
- Personal viability
- Health
- Capacity building
- Agriculture

*Avoiding social
denigration that so
often occurs in
resource rich areas
of developing
countries*



CORPORATE SOCIAL RESPONSIBILITY

SOCIALLY RESPONSIBLE AND PROGRESSIVE



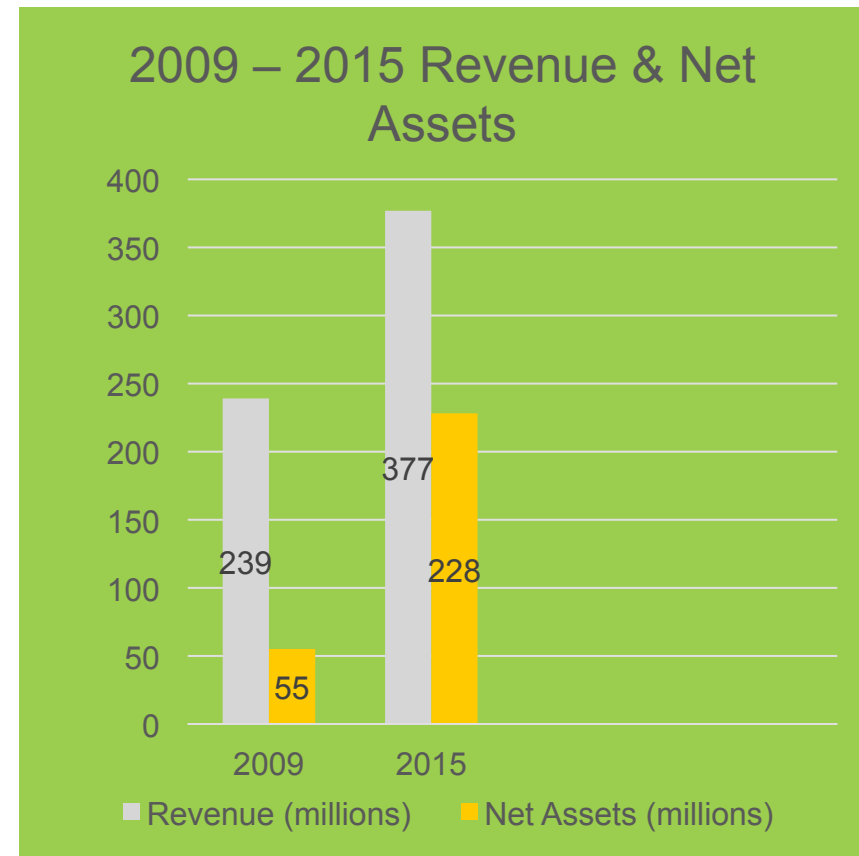
Our program for the *Elimination of Violence Against Women* offers a group-wide solution

Anitua is a founding member and key supporter of the PNG Business Coalition for Women – with Board and Addressing Violence working group representation.



ROAD TO GROWTH....

- 10 years ago, Anitua Group underwent a complete restructure
- Focused growth plans of each entity all in line with corporate plans
- Growth despite recent downturn in economy:
 - Over 300% growth in net assets in 6 years
 - 58% growth in revenue in 6 years



RECENT ECONOMIC DOWNTURN

- Challenging times
 - Expansion plans slowed
 - Fierce competition for new contract on Lihir
 - Anitua slow to react to changing economics
- Focus on core business
- Thorough review of each business and governance
- Focus on providing value to our clients
- Innovation & business excellence approach



FUTURE DIRECTION....

- Refocus on 'off-island' growth
 - Expansion throughout PNG & Pacific
- Divest underperforming businesses
- Invest in new, high growth industries
- Maximise competitive advantages

Lihir Destiny

