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INSTITUTE OF NATIONAL AFFAIRS, P.O. Box 1530, Port Moresby, Papua New Guinea

May 1, 2012

Dear Respondent,

SUBJECT: QUESTIONNAIRE FOR PRIVATE SECTOR SURVEY, 2012.

We hope you are willing to take 20 minutes to complete the attached questionnaire to assist in providing an up to date identification of business and investment constraints in PNG. As you may be aware, the survey conducted by INA every 4 – 5 years has been an influential source of information to guide government policy and programs, but also those of development partners, financial institutions and investors.

Once again, the Institute of National Affairs is conducting the Private Sector Survey (with valuable support from the Asian Development Bank) and is seeking information about;

- The nature of your business;
- The impact of government regulations and policies;
- Security of business and property;
- Government – business relationship;
- Effectiveness of government (or others) in providing services; and
- Rating hindrances to business and investment.

Please note that your feedback to the survey is anonymous and your organisation will not be identified in the results

Please return the completed questionnaire by post, email or fax. The respective addresses are:

- **Postal address:** Private Sector Survey, INA, PO Box 1530, Port Moresby, NCD
- **Email:** Steven.Goie@cimcpng.org, or Moale.Sabadi@cimcpng.org
- **Fax:** (675) 321 7223

We greatly appreciate your contribution to the survey. We anticipate the compilation of information from the questionnaires by late May 2012.

The survey findings and recommendations will be presented for early considerations to the new government once it is formed, and made widely available in published form, on our website, and extensively circulated in summary form.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Paul Barker', with a long horizontal flourish extending to the right.

Paul Barker
Executive Director

Questionnaire for the INA Private Sector Survey, 2012

This survey is being undertaken to better understand the problems business like yours have in Papua New Guinea. The INA conducted three similar surveys in 1999, 2002 and 2007. Similar to these previous surveys, the intention for the 2012 Survey is to understand what is stopping private sector development in PNG and therefore suggest ways to make it grow.

These suggestions will include comprehensive advice to government on the right directions to improve the performance of business and investment in PNG, recommend programs to remove these problems, strengthen support for businesses to grow and encourage sustainable business. This survey will not only consider mining and other major extractive industries, but also in agriculture, manufacturing and services, including small, medium and large businesses.

In order to be sure there is no duplication we request the name of your company. Please be assured that the information you provide will be treated in the strictest confidence. We greatly appreciate your assistance in this survey by filling in the questionnaire.

Business Name:

Contact Name:

Phone:

Fax:

Email:

Website (If Applicable):

Part 1 - INFORMATION ABOUT YOUR BUSINESS

This is the first part of the questionnaire which is aimed at acquiring information about the business.

1. Please state the ownership of your business?

PNG owned Overseas owned
 Part overseas owned If part overseas owned, what percent is it?.....% _____
2. Where is your business located?

NCD Lae Other Town/Province
 Please name town and Province.....
3. Is your business located in a rural or urban setting?

Rural Location Urban Location
4. Is your business registered?

Yes No In the Process of registering
5. How long has your business been in operation?

less than 5 years more than 5 years
6. What is your annual turnover?

less than K500,000 K500,000 – K5 Million
 K5 Million – K50 million More than K50 million
7. What industry do you regard your business to be part of?

Agriculture/fisheries/forestry mining and petroleum
 Finance and investment manufacturing
 Retail/wholesale transport/communications
 Building/construction hotel/restaurants/bars
 Other services
 Please specify.....
8. Does your business export?

Yes ...what is the share of exports out of all turnovers %
 No

PART 2 - GOVERNMENT POLICIES AND REGULATIONS

The following questions are asked to find out about business's approach towards government policies and regulations.

1. Are you aware of government policies that assist your business?

Yes No

2. Have you used these policies to assist your business?

Yes No

3. If your answer is yes in questions 1 and 2, please tell us what the policy is?

.....

4. Are you aware of government laws, regulations and rules that assist your business?

Yes No

5. Have you used these government laws, regulations and rules to assist your business?

Yes No

6. If your answer is yes in questions 4 and 5, please tell us what it is?

.....

7. Are you concerned over the stability of government rules, regulations and policies that affect your business?

a) very highly concerned;

b) highly concerned

c) fairly concerned

d) fairly unconcerned

e) highly unconcerned

f) completely unconcerned

8. Do you fear retrospective changes of rules or regulations?

a) very highly concerned

b) highly concerned

c) fairly concerned

d) fairly unconcerned

e) highly unconcerned

f) completely unconcerned

9. Do you feel that your business is affected during periods of political uncertainty?
- a) very highly affected
 - b) highly affected
 - c) fairly affected
 - d) fairly unaffected
 - e) highly unaffected
 - f) completely unaffected
10. To what extent do you believe that businesses should be consulted during the process of developing regulations of policies?
- a) always
 - b) mostly
 - c) frequently
 - d) sometimes
 - e) seldom
 - f) never
11. When the government announces policies, do you think they will be fully implemented?
- a) Always confident
 - b) Mostly confident
 - c) Frequently confident
 - d) Sometimes confident
 - e) Seldom confident
 - f) Never confident
12. “Changes of government are usually accompanied by large changes in rules and regulations that have an impact on my business”. To what extent do you agree with this statement?
- a) Fully agree
 - b) Agree in most cases
 - c) Tend to agree
 - d) Tend to disagree
 - e) Disagree in most cases
 - f) Strongly disagree

13. Do you feel that your business is affected during periods of political uncertainty?

- a) very highly affected
- b) highly affected
- c) fairly affected
- d) fairly unaffected
- e) highly unaffected
- f) completely unaffected

14. How concerned are you for the stability of the political environment in PNG?

- a) Very highly concerned
- b) Highly concerned
- c) Fairly concerned
- d) Fairly unconcerned
- e) Highly unconcerned
- f) Completely unconcerned

15. Has your business ever decided not to proceed with a major investment because of problems relating to compliance with government regulations?

- Yes No

16. If your answer in Q15 was “yes”, please specify the reason which best describes the nature of these problems; (Please mark with X)

- a) Excessive compliance fees
- b) Long processing time
- c) Too complex and haphazard
- d) Other

(specify) _____

PART 3 – BUSINESS SECURITY

The following questions are asked to find out what businesses feel and think about doing business in PNG considering the security aspects of its operations.

1. Has the law and order situation affected your decisions for further investment in your business or to expand your business operations? (Please mark with X)
 - a) very highly affected?
 - b) highly affected?
 - c) fairly affected?
 - d) highly unaffected?
 - e) completely unaffected?

2. Do you have confidence in the judicial system and the decisions they make?
 - a) very highly confident
 - b) highly confident
 - c) fairly confident
 - d) fairly not confident
 - e) highly not confident
 - f) completely not confident

3. How much of a problem are the following crimes to your business? (Please mark with X where suitable)

	Not a problem	A small problem	A big problem
a) Break-ins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Vandalism	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Vehicle theft	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Property theft without force	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Arson (Burning of premises)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Assault of employees on the business premises	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g) Kidnapping of employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h) Employees suffering violence/ being attacked on the way to and from the business premises	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i) Misappropriation of funds or petty theft by Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j) Extortion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k) Threats from any government official	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l) Other (please specify).....			

4. Have you taken any of the following measures to protect your business from crime?
(Please mark all that apply)

a) Closing early? Yes No

How much earlier than you would like? (___ Hours/ ___ minutes)

b) Installing locks, gates, security systems (alarms, CCTV) or other hardware

Yes No

c) Employing security staff? Yes No

How many? _____

d) Keeping a weapon on the premises? Yes No

Type of weapon _____

e) Arranged for security measures to protect the transport of yourself or your employees (drivers, private cars, busses, etc)?

Yes No

f) Other (please describe).....

g) None

5. What prompted you to take the measures described in the previous question?

a) Your business was the target of crime

b) You were the target of crime

c) You knew someone/a business who was targeted by crime

d) Fear generated by media reports of the risks

e) Other _____

6. How much amount do you spend on the following to prevent crime to your business?
Please specify the amount you pay weekly, monthly and/or yearly as you prefer.

	Amount	Period
a) Locks/gates	()	()
b) Security cameras	()	()
c) Alarms	()	()
d) Other (Please describe)	_____	

7. Do you employ private security personnel? Yes No

8. What percentage of your employees are security personnel? _____ %

9. As a percentage of your cost, how much do you spend on security?

a) Security guards %

b) Payment of items or stock stolen %

10. If you do employ security staff, what is their main task? (please choose only one answer)

- a) Secure transport of employees
- b) Protecting the business premises
(Monitoring gates, doors, security cameras)
- c) Preventing petty theft by employees
- d) Other (please describe) _____

11. Over the past year, how many times has your business been targeted by any of the following? (Please mark the number of times for each type of crime)

	1 – 5	5 – 10	More than 10 (roughly specify)
a) Break – ins			
b) Vandalism			
c) Vehicle theft			
d) Property theft without force			
e) Petty theft by staff			
f) Extortion (obtain money or other benefit through threat)			
g) Arson			
h) Assault of employees on the business premises			
i) Kidnapping			
j) Other (please specify)			

12. How much do you estimate your business loses to each of the following crimes (please indicate whether the loss is monthly, weekly, yearly etc)

	Amount	Weekly	Monthly	Yearly
a) Have to close the business temporarily				
b) Stolen merchandise or other property (estimated cost of replacement)				
c) Petty theft by employees				
d) Extortion				
e) Broken security infrastructure such as windows, gates (estimated cost)				
f) Staff time off work due to injury, etc (number of days, number of staff)				

g) Others (describe) _____

13. Are there times of the year when crime to your business is more of a threat?

Yes No

When? (Month or Months /or season e.g. coffee harvest) _____

14. Are there times of the day when crime is more of a threat? Yes No

What times? (_____)

15. To whom did you report these crimes? (for each of the crimes above)

	Yes	No	
a) Insurance company			
b) Police			
c) Family			
d) Traditional dispute resolution body (NEED SPECIFIC NAMES)			Name: _____
e) Other (Explain) _____			

16. Did you feel the matter was handled to your satisfaction? Yes No

17. Often there are costs associated with reporting a crime. For the most recent incident, please give information on the following costs:

	Yes	No	Amount
a) Filing a police report			
b) Reporting to insurance/paying an excess (deductible?) as part of an insurance claim			
c) Transport costs to report or resolve the issue			

d) Other (please describe) _____

18. Do you have confidence in the police, customs, immigration and other law enforcing bodies?

- a) very highly confident
- b) highly confident
- c) fairly confident
- d) fairly not confident
- e) highly not confident
- f) completely not confident

19. Have difficulties in gaining access to land hindered your business from growing or investing in PNG?
- a) very big hindrance
 - b) big hindrance
 - c) fairly big hindrance
 - d) minor hindrance
 - e) not a hindrance at all
 - f) not applicable
20. Do you have confidence in the Registrar of Companies and Business Names and Securities Commissioner on regulating and protecting the interest of your shareholders and enforcing corporate governance principles?
- a) very highly confident
 - b) highly confident
 - c) fairly confident
 - d) fairly not confident
 - e) highly not confident
 - f) completely not confident
21. Do you have confidence in the banks, insurance and other financial institutions (including financial authorities) protecting your monetary assets in PNG?
- a) very highly confident
 - b) highly confident
 - c) fairly confident
 - d) fairly not confident
 - e) highly not confident
 - f) completely not confident
22. Do you have confidence in statutory and professional organizations responsible for regulating key service sectors that are vital for your business e.g. Institute of PNG Engineers, PNG Law Society, CPA etc..
- a) very highly confident
 - b) highly confident
 - c) fairly confident
 - d) fairly not confident
 - e) highly not confident
 - f) completely not confident

PART 4 – GOVERNMENT BUSINESS RELATIONSHIP

The following questions are aimed to find out the relationship between the private sector and the government

1. Are you aware of public/private sector consultations on developing government policy and law reform on developing the private sector?
 Yes No

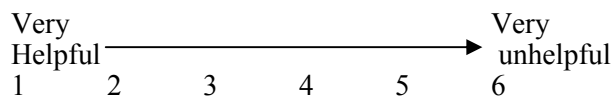
2. If your answer is yes, does your business or the business organization you are member of frequently update you on the outcomes of these consultations?
 a) Always;
 b) Mostly;
 c) Frequently;
 d) Sometimes;
 e) Seldom;
 f) Never.

3. What particular area of government policy or law reform activities would you like to actively partake in?

4. Please judge on a 6-point scale the following government controls as a problem for your business. Indicate 0 if not applicable to your business. (Please circle your selected number for each control)

	N/A	not a problem	—————→				extremely problematic
a) visas	0	1	2	3	4	5	6
b) work permits	0	1	2	3	4	5	6
c) restrictions on occupation for foreigners	0	1	2	3	4	5	6
d) labour regulations	0	1	2	3	4	5	6
e) superannuation regulations	0	1	2	3	4	5	6
f) building codes	0	1	2	3	4	5	6
g) health regulations	0	1	2	3	4	5	6
h) physical planning/zoning regulations	0	1	2	3	4	5	6
i) environmental regulations	0	1	2	3	4	5	6
j) safety regulations	0	1	2	3	4	5	6
k) regulations on borrowing	0	1	2	3	4	5	6
l) regulations on foreign trade (exports, imports)	0	1	2	3	4	5	6
m) foreign currency regulations	0	1	2	3	4	5	6
n) price controls	0	1	2	3	4	5	6
o) government leases	0	1	2	3	4	5	6

5. Please rate your overall perception of the relationship between government/bureaucracy and private firms on the following scale:



6. To what extent have instances of corruption in dealing with government been to the detriment of your business?

- a) very highly affected
- b) highly affected
- c) fairly affected
- d) fairly unaffected
- e) highly unaffected
- f) completely unaffected

7. "It is common for firms in my line of business to have to pay some 'irregular additional payments' to government officials in order to get things done." This is true;

- a) always
- b) mostly
- c) frequently
- d) sometimes
- e) seldom
- f) never

8. "When a firm pays an 'irregular additional payment' the service is usually delivered effectively as agreed and without requests for further additional payments." This is true;

- a) always
- b) mostly
- c) frequently
- d) sometimes
- e) seldom
- f) never

9. Has government corruption in any of the following fields or institutions detrimentally affected your investment or business plans in a significant way?

- a) Lands
- b) Labour
- c) State-owned enterprises or statutory authorities
- d) Finance/Tax/Customs
- e) Tenders
- f) Other (Please specify if you wish)

.....

10. In the event that a government official you are dealing with acts in a corrupt or improper way, do you find you are able to seek recourse from another official or from their superior?

- a) always
- b) mostly
- c) frequently
- d) sometimes
- e) seldom
- f) never
- g) don't know

PART 5 - EFFECTIVENESS OF GOVERNMENT SERVICE PROVISION

The following questions are asked to find out the effectiveness of government services provided to the business community.

1. Please rate your overall perception of the efficiency, effectiveness, and quality of the following services:

	Very good					very poor
	—————→					
a. financial and banking services	1	2	3	4	5	6
b. law enforcement services	1	2	3	4	5	6
c. port services	1	2	3	4	5	6
d. water and sewerage	1	2	3	4	5	6
e. road and bridge infrastructure	1	2	3	4	5	6
f. telecommunications and postal services ¹	1	2	3	4	5	6
g. electricity services	1	2	3	4	5	6
h. aviation services	1	2	3	4	5	6

2. How would you rate the efficiency, effectiveness and quality of government provided services in general?

- a) very high
- b) high
- c) fairly high
- d) fairly poor
- e) poor
- f) very poor

3. Do you think major reforms will lead to an improvement in the quality of services offered in PNG?

- a) strongly agree
- b) agree
- c) about the same
- d) disagree
- e) strongly disagree

4. If you agree or strongly agree to 3, what major reforms would you seek?

- a) greater budget transparency and public oversight of expenditure
 - b) improved public sector management staff selection and reporting
 - c) private sector service provision and management, including Public Private Partnerships (PPPs)
 - d) greater competition
 - e) privatization of service provision
 - f) rationalization of public sector bodies (merging, etc)
 - g) other
- Please specify.....

PART 6 – RATING HINDERANCES TO BUSINESS AND INVESTMENT

This part of the questionnaire aims to find out which factors affect businesses operations and other investment decisions the most

1. Please indicate to what extent the following pose a hindrance to your business in PNG both in terms of its operation and of future investment decisions. Please be careful to focus your answers solely on how your business is affected: (cross or circle the appropriate number)

	Not a → extremely Problem problematic					
a. VAT/GST	1	2	3	4	5	6
b. company tax rate	1	2	3	4	5	6
c. Inadequate subsidy/tariff support	1	2	3	4	5	6
d. interest rates	1	2	3	4	5	6
e. inflation	1	2	3	4	5	6
f. the variable exchange rate	1	2	3	4	5	6
g. local level government/urban authority taxes and rules	1	2	3	4	5	6
h. Policy constraints (Investment, Trade	1	2	3	4	5	6

SME, Wage, & Employment)	1	2	3	4	5	6
i. Workers health condition	1	2	3	4	5	6
j. access to land and land						
land compensation claims	1	2	3	4	5	6
k. law and order	1	2	3	4	5	6
l. corruption	1	2	3	4	5	6
m. political uncertainty and stability						
of rules and regulations	1	2	3	4	5	6
n. cost of inputs	1	2	3	4	5	6
o. cost of unskilled labour	1	2	3	4	5	6
p. cost of skilled labours	1	2	3	4	5	6
q. availability of skilled labours	1	2	3	4	5	6
r. state of transport infrastructure	1	2	3	4	5	6
s. state of electricity infrastructure	1	2	3	4	5	6
t. state of telecommunication						
infrastructure	1	2	3	4	5	6
u. quality and access to financial/						
banking services	1	2	3	4	5	6
v. Small and scattered domestic						
markets	1	2	3	4	5	6
w. access to international markets	1	2	3	4	5	6
x. access to business information	1	2	3	4	5	6

2. Out of the list from the previous question, please indicate what you would like to see as the top three priority issues for government to tackle in order to encourage business and investment.

1st priority

2nd priority

3rd priority

3. On a scale of 1 – 6, with 1 being the lowest and 6 the highest, has the overall environment for doing business improved since 2006?

1 2 3 4 5 6

4. On a scale of 1 – 6 with 1 being the lowest and 6 the highest, have business prospects improved since 2006?

1 2 3 4 5 6

5. With 1 being very unlikely and 6 being extremely likely, are you considering a major investment in your business within the next 2 years?

1 2 3 4 5 6

6. If securing or retaining professional, skilled or unskilled labour is a constraint, please advice the 3 main skills which are unavailable or hard to recruit or retain:

- (1)
- (2)
- (3)

7. What are the 3 main skills (of professional and skilled workers) which your firm easily recruits and/or are available to recruit in the PNG labour market?

- (1)
- (2)
- (3)

8. What are the 3 main challenges your firm faces in retaining professional and skilled labour from moving to other jobs?

- (1)
- (2)
- (3)

9. Many businesses find it difficult to retain professional and skilled labour. How does your firm develop workers' professionalism and skills?

- 1) In-house training
- 2) External education and training
- 3) Sponsor to further studies within PNG
- 4) Sponsor to further studies overseas

- 5) Other (specify)

10. Employee absence from work and poor performance impacts on the business's productivity and progress. Do you think that absence from work and poor performance caused by illness is a hindrance to your business?

Yes No