

LCCI 2014 ANNUAL REPORT

LAE CHAMBER OF COMMERCE INCORPORATED

Welcome

I take great pleasure in presenting the Annual Report of the Lae Chamber of Commerce Incorporated for the year 2014. I believe that the Chamber continued to be successful in a difficult year where infrastructural problems caused more than the normal disruptions to business. There is no doubt that chamber councillors and the executive worked very hard to get a better deal for the Private sector in Lae and Morobe Province.

THE CHAMBERS FOCUS

Whilst it is very hard to set priorities and sticking with them due the nature of PNG with frequent policy fluctuations. We have however stuck to our basic priorities:

INFRASTRUCTURE

Roads – our input in roads has been significant, with our appointment to the Steering Committee to the Lae Nadzab Road and the Lae Roads projects:

- I. LAE ROADS – the year saw the reconstruction of many of the major Lae Roads – Mangola Road, Malaita Street, McDhui Street, Aircorps Avenue, parts of Milfordhaven Road, Buimo Road, Independence Drive, Back Road, Malahang Road, Jawani Street, Markham Road and Boundary Road (not complete). The coordination of different contractors working on different sections at one time was a major difficulty and we do appreciate the cooperation from all the contractors in providing regular updates so that disruption would be minimal.

There are only a few of the major city roads yet to be completed, with Milfordhaven Road being the most urgent. We are promised that Milfordhaven Road is on the plan for 2015 City Road upgrades, but funding remains an issue, as some of the contractors are yet to be paid for their 2014 work.

- II. HIGHLANDS HIGHWAY

The contractors for the new 4 lane Highway from Lae to Nadzab - China Railway International Limited is currently working on Stage 1b which is from the Wau Bulolo Road turnoff to 5 mile farm. Initial work has been done on 1a from 5 mile farm to Boundary Road, but PNG Power are yet to relocate all power lines, so free access can be handed to the contractors.

On completion of stage 1, stage 2 from the Wau Bulolo Road to Nadzab will commence. Current plans are for the 4 lane Highway to continue to the Yalu River, and then a 2 lane Highway from there to the Nadzab Airport.

ELECTRICITY

The year 2014 will go down as one of the darkest years that Lae has ever seen – forgive the pun. Our criticisms of PNG Power reached an all-time high, as the black outs became more and more regular as the year progressed. Basically the generators at the Ramu one Power Station were constantly breaking down. Even though a renovation program was started a few years ago, this could not keep pace with the breakdown of the machines, which is really a reflection on the almost total lack of renovation in the 1980's and 90's. Added to this is the failure of the diesel standby generators at the Milfordhaven and Taraka Power stations in Lae, to provide even half of the Lae power needs. The result was almost daily load shedding and power restrictions.

The recent installation and commissioning of a 25 MW Gas Turbine generator at the Lae Port, has filled the gap in power supply in Lae, so that there is sufficient power generated by the Lae machines, for the Ramu 1 machines to be properly overhauled.

The Government has recently approved the construction of the Ramu 2 power station, which will be a 210 MW facility. JICA have been commissioned to construct a second transmission line from Yonki to Lae, which will provide a more reliable provision of power for Lae's current and needs into the future.

TELIKOM PNG

The Fibre Optic cable that transcends the Power towers to Madang has made the Lae internet faster however the massive floods along the Ramu Valley this month have knocked out this service and Lae is now facing the old slow internet. It will take some time before this service to be reinstalled.

CRIME

Lae is faced with constant crime problems, with criminals coming up with new ideas all the time on crimes. The upgrading of the Lae to Nadzab road development brought the deterioration of the old road and with it a step up in hold ups of vehicles. This situation has now eased somewhat.

The Lae Police are still faced with a shortage of manpower, which won't change until more houses are built. Police shortages of resources are a problem from time to time. The 13 Australian Federated Police assist where they can and you can see the near completion of the new AFP Police Station and the sexual and family violence centre. The AFP is also providing training for prosecutions and other administrative requirements.

During the year some companies got together to form a Community Safety Network Committee which meets monthly. Monthly meetings are attended by a core of about 15 company representatives as well as the Police and AFP, and looks at ways the Private Sector can assist by better resourcing the Police. So far plans for a "Crime Stoppers" toll free phone number at the Police station are being finalised and better pedestrian crossings and street lines are being set up.

MOROBE PROVINCIAL GOVERNMENT

We continue to have good relationships with the Morobe Governor and Nellie McLay is our representative for Business on the Morobe Provincial Government.

The LCCI continues to be represented at the following government bodies –

- The Morobe Provincial Audit Committee, Provincial Monitoring and Coordination Committee, Morobe Provincial Physical Planning Board, Morobe Provincial Building Board and the Provincial Liquor Licensing Commission. The Lae Joint District Planning and Budget Priority Committee and the Provincial Supply & Tenders Board do not seem to have any regular meetings as our appointed members have not been requested to attend any meetings.
- We have taken a lead to make Lae the Centre of Excellency in Technical training, and this gained strength from our representation on the Board of the National Polytechnic College Council and the PNG University of Technology Council.

BUSINESS MENTORS

The LCCI has been the coordinator of the Pacific Business Mentoring Programme in Lae for the past 3 years. This program saw local businesses benefit from a professional business mentors, under the NZAid program.

We built up a group of 40 small businesses in this mentoring program and comments were extremely favourable, however NZAid stopped the program Pacific wide. We are waiting for them to announce a replacement project.

PIPSO (Pacific Islands Private Sector Organization)

PIPSO was established in 2005, when the PNG representative Alan McLay put in many hours with other foundation Directors from Pacific Forum countries to establish this organization so it would work where others had failed, to benefit of the Private Sector in the Pacific. PIPSO has made significant progress in undertaking work and programs in the private sector of the 14 Pacific Islands forum countries. PIPSO is committed to excellence and best practices in the conduct of all its affairs. PIPSO recognizes that sustainable development in the region will only come about through functioning and effective partnerships involving Governments, civil society, regional organizations and development partners.

The LCCI has taken advantage of the close association with PIPSO, and in 2014 we sent 2 business people to workshops in Fiji and we have one more to go in 2015 already. One of our members Benson Nablu has taken over the rein of being a current director of PIPSO.

ADB PROJECT – LAE PORT DEVELOPMENT

Five years ago we took on a project funded by the Asian Development Bank to be run side by side with the new Lae Port Development Project. Named "Mobilizing the Private Sector to Respond to Gender and HIV/AIDS Issues" in

recognition of the dangers posed by a larger Port being a gateway to STD's and especially HIV and AIDS. This project is now winding down after showing a success in a number of areas.

The project had a number of components, but basically it managed to:

Develop a Guideline to HIV/AIDS Policy (this has been distributed to many companies but can be obtained as required from the LCCI Office): Develop the capacity of NGOs to better deal with a potential epidemic of HIV/AIDS, through a program developed by ADRA: Hold Peer Education training aimed at middle level company employees in industries in particular port related industries: and to renovate two city health clinics

The project was well conceived and provided some good outcomes. At the start a lot of companies tended to ignore the problem of HIV and AIDS and were reluctant to set up any policies. However many now have work place policies in place recognising the fact that HIV/AIDS could devastate the workforce if allowed to advance unchecked.

Nellie McLay and Meredith Tutumang held 6 peer training courses, to empower workers to pass on good information and knowledge about STD's in general, HIV and AIDS as well as gender based violence issues.

The funding for this project came from the Asian Development Bank which was keen for the LCCI to manage and run this project alongside the massive Lae Port Development Project. They had never worked with a not for profit business association such as the Lae Chamber of Commerce, and their system of checking and double checking every payment made reimbursements extremely slow. This forced the Chamber to pay up front on many instances as well as cover exchange variances just to keep the project going. Now we have to deal daily with the bank for them to make good all the payments for the project. In reflection we should never become involved in an ADB project again. However the principal of the project was good and if a chance to continue a similar project from other donor funds, we should strongly consider it.

EDUCATION

We have continued to promote Lae as a centre of Excellence for Technical Training. Lae has the two prime Technical training institutes in the country – the PNG University of Technology (UNITECH) and the National Polytechnic College, as well as smaller vocational training centres.

So far six meetings held by the Office of Higher Education to formally establish Lae as a Centre of Excellence with the ultimate aim being to improve the standards of all the Institutions concerned, so that the graduates will be better trained and trained to suit Industries needs. Progress has been made with the TVET scheme to get more apprenticeship courses run from the Polytech. APTC started a welding course this year, to qualify the welders to Australian Certificate level. Depending on the success of this course, the APTC is looking at further courses.

AIR TRAVEL

The LCCI hasn't forgotten its commitment to fight for International flights to Nadzab. The National Government have indicated that they will improve the runway to take regular larger aircraft than the F100. JICA (Japanese International Cooperation Agency) are currently doing feasibility on developing the facilities at NADZAB including a new Terminal Building.

GENERAL

The Chamber will lose the service of our long standing Project Manager/Office Manager Wendie Garalom next month. Wendie has been a mainstay of the LCCI for the past 10 years, and I can easily say that without Wendie the Chamber would never have been able to progress to the organisation it has become. I am sure that many members here tonight have come to rely on Wendie in some way over the years. I know you will join with me to wish Wendie well for the future.

Jenna Rekon has progressed so well since she started with the Chamber 3 years ago. She has a feel for much of the work that Wendie does, and has been learning alongside Wendie for the past 2 months. We have recruited Ensie Rennie to be our front desk person. So we have a few new face but we will still provide the service that you have been used to.

The professional looking e-newsletter has developed from the old PDF version we used to produce. We have Marisa Howden to thank for the current format that is easy to read and contains so much information that I am sure is relevant to your business. Advertising is available for companies to get their message around quickly and cheaply and we do provide a facility to profile your business free of charge.

Recently Marisa put in many hours to develop our RESOURCES DIRECTORY which was launched 3 weeks ago in an electronic form. We will be printing hard copies of this directory in time for the Business Council Forum in May this year. We always realised that some of the information provided would be out of date before the first edition was complete, and many companies have picked up on changes and some errors of course which come with a document this size. We will make changes as required, and as it is a living document, it will be annually produced with required editing.

I would like to thank all the councilors for their time and dedication to effectively represent our private sector on all these occasions during the year. I would like to especially thank the outgoing Councillors Peter Diezmann who was our Senior Vice President for many years and Dennis Brewster who was a strong voice in the Building Board meetings.

We continue to have strong membership and have 285 current members spread over five categories. I wish the soon to be elected councilors well in their 2015 positions. I would like to especially thank our honorary auditors HLB for their audit work on the 2015 financial returns and Alison Judd our treasurer for overseeing the monthly financial statements during the year.

Finally I thank our members and wish everyone well for the 2015 year.

A handwritten signature in black ink, appearing to read 'Alan McLay', with a large, stylized initial 'A'.

Alan McLay OL
President