



LAE CHAMBER OF COMMERCE INC.

WEEKLY NEWS UPDATE

30 March 2012

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LAE CHAMBER OF COMMERCE INC.

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(Updated Weekly)

The newsletter can be located at:
<http://www.lcci.org.pg/resources.html>

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President's Desk**

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Thank you

FROM THE PRESIDENTS DESK

LCCI ANNUAL GENERAL MEETING

LCCI Elected Councillors for 2012

At the AGM held in the Bulolo Room at the Lae International Hotel last night, the following were elected as Councillors' for the LCCI 2012. Please join us in congratulating them for being elected.

Executive:

POSITION	NAME	COMPANY
1. PRESIDENT:	ALAN McLAY	MBC Consultancy
2. SENIOR VICE PRESIDENT:	NIGEL MERRICK	Warner Shand Lawyer
3. JUNIOR VICE PRESIDENT:	ROBERT HOWDEN	Express Freight Mng't
4. TREASURER:	STEPHEN BEACH	PriceWaterhouseCooper
5. IMMEDIATE PAST PRESIDENT:	PHIL FRANKLIN	Dalfor Consultants

Councillor:

NAME	COMPANY	SECTOR
6. Andrew Gunn	Dulux	Manufacturing
7. KAITY BLUETT	Attic Holdings	Real Estate
8. PETER DIEZMANN	Interoil Products Limited	Retailing Fuel
9. DENNIS BREWSTER	BSP Bank	Financial Services
10. TERRY FUERY	Consort Shipping	Shipping
11. DANNY KEPI	Regional Engineering	Engineering
12. BEN WOO	PC Woo	Retail
13. VANESSA CHAN-PELGEN	Vanco	Tourism
14. TONY WYATT	Amalpak	Manufacturing

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2011 ANNUAL REPORT

I take great pleasure in presenting the Annual Report of the Lae Chamber of Commerce Incorporated for the year 2011. In real terms I believe that the Chamber had a successful year. There is no doubt that the councillors and executive worked hard to get a better deal for the Private sector in Lae and Morobe Province.

We are located in the Professionals Building in 5th Street Lae in the heart of the Central Business District where there is private parking for safety and convenience. Please visit us at these modern Offices and see what we have to offer. We do have a meeting room for our council meetings, which is well set up for electronic presentations and can be used for **private hire** at a very reasonable rate (tea and coffee provided if required). If you have a need for a small meeting, training room etc. please contact us to make arrangements.

President

Alan McLay

Snr Vice President

Nigel Merrick

Jnr Vice President

Robert Howden

Treasurer

Stephen Beach

Councillors

Philip Franklin

Peter Diezmann

Mike Quinn

Jon Pittar

Kaitly Bluett

Dennis Brewster

Terry Fuery

Danny Kepi

Michael Kingston

Robert Schilt

Ben Woo

Andrew Gunn

Objectives
of the LCCI

- To promote the business interests of the private sector;
- To further the economic development in Lae;
- To ensure the provision of services and utilities essential to such development;
- To provide a representative body for business people, which government can consult;
- To promote support or oppose legislation; or take any other measures to improve the business community;
- To provide a forum for discussion of private sector goals;
- To pool the strengths of business people so that together, they can accomplish tasks that each one alone cannot achieve;
- To promote the economic viability of the area, so those current businesses will grow and new ones will be developed locally;
- To provide business with a common voice.

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2011 ANNUAL REPORT (Cont)

THE CHAMBERS FOCUS

We have continued to focus our attention on our main priorities:

1. INFRASTRUCTURE

Roads

It is well documented that our continued pressure on the authorities to do something about the poor roads in Lae City was one of the main reasons for the present upgrading of the Lae roads.

In 2007 the National Government allocated K50 million which saw Independence Drive constructed to a good standard, from the Kamkumung Bridge to Unitech. Three more roads were taken on with relative success – Milfordhaven Road past the Lae Polytechnical College was a disaster and a lot of this work has been destroyed. Bumbu Road past the Golf Club and Huon road from Andersons Corner to Boundary Road were completed, whilst Boundary Road was commenced but stopped because of certain irregularities.

A further allocation of K20 million in the 2010 National budget saw Huon Road upgraded - one stretch by Dekenai Construction Ltd from 7th Street Roundabout to the cemented road section at the Admin Compound. A second contract to East West #1, for the section of Huon Road from the bottom of the hill opposite the Rugby League ground, to the 7th street roundabout.

In August 2010 the current Prime Minister, then in his position as Finance Minister under the Somare Government, announced that K100 million would be made available to rehabilitate the Lae Roads further and on 26th December 2010 the first contracts were signed by contractors for the stage 2 of the Lae City Roads rehabilitation project.

Quickly work commenced on the first contracts - Coronation Drive and 7th Street; 9th Street, 8th 6th Street, 5th Street and Central Avenue; Highlands Highway from the Mobile Service Station to Bugandi; and Milfordhaven Road past the fire station. Further contracts were arranged for the Malahang Road, Eriku section of Huon Road, Sandpiper to Chinatown, and Markham Road. Additional sections of road were then contracted which saw welcome work on the 7th Street/Huon Road roundabout, 4th Street and the commencement of work on 2nd and 3rd Streets. Preparation was also done to Bumbu Road from the Golf Course to the Kamkumung Bridge.

Unfortunately funds have been overspent on phase 2 of the Lae City Roads Rehabilitation project (LCRRP), and work has come to a halt whilst the Government decides where to find the funds to pay for the work already done by the contractors and the proposed work that they are yet to do. The new PNG Government has also commissioned a report to review this project.

A small allocation of funds from the LCRRP has been made to do some of the worst corners on the AusAID Industrial Roads. Some work has been completed and some is yet to be done on these intersections. This work is vital so these roads won't collapse.

In the meantime the amount of K26 million from the 2011 Supplementary budget has been allocated to Department of Works and it seems they have contracted a road construction company to do the further roads including the back Roads from Malahang to the Unitech Gates.

COMPANY PROFILES

The Lae Chamber of Commerce advises that your company profile can be included in our Weekly News Update, at no charge to you. We encourage you to send the layout with the appropriate phrasing and any graphics or photos (as long as they do not take up big bytes).

This profile will not only reach our 250 Lae members but all Chambers around Papua New Guinea and other associated addressees.

The Lae Chamber of Commerce released its Annual Report at the Annual General Meeting last night.

The entire report is on this page and subsequent pages.

It provides an insight to the affairs and dealings of the Chambers, not only for the past year, but in general.

Please contact us or visit our office if you would like to find out more and how the Chamber can help your business!

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“growing with the tradition”

2011 ANNUAL REPORT (Cont)

Again the Provincial Authorities have allocated very little for the Lae Roads in the Provincial budget. This is not really enough for general maintenance as well as for grass cutting, drain cleaning and verge clearance all put together.

The Lae Chamber of Commerce were in constant contact with all the road contracting companies and the Project Engineers involved in the LCRRP, and our constant and regular input resulted in better roads, with the main changes being:

- The increase of the cement strength from the original bill of quantities for all the cemented roads;
- Coronation Drive - Drains, kerbing and footpaths added to make the road less dangerous, as well as increased parking spaces at the Police Station and BSP Bank. We have been told that the dreadful pedestrian crossing at the 4th Street turnoff will be improved.
- Eriku – we influenced the redesign of Huon Road at Eriku, removing the central drain and improving the side drains.
- The main drain at 9th Street was refurbished.
- 4th Street, 3rd Street, 2nd Street and the roundabout at the 7th Street junction were included to be upgraded in cement.

Whilst we are indeed happy with the current work being done to improve the roads, there is still a long way to go. The Government must solve the impasse which has seen most of the work come to a halt on the cemented roads. The contracts with the construction companies are legitimate and if the completed work is up to the required standard, then these companies must be paid. The Morobe Provincial Government must also look at the ongoing maintenance issues, as well as the smaller residential roads.

Electricity

PNG Power continues to have trouble with their aging hydro generators in Yonki and the thermal generators in Lae, which has had a significant effect on conducting business in Lae, especially when the Yonki generating rooms flooded in October/November 2011. The resultant complete closure of electricity from the Ramu hydro scheme, and the total reliance on the Lae Diesel generators, which were insufficient, meant that Lae was put on load shedding for a month. PNG Power eventually cut all major companies from PNG Power forcing them to use their own company standby generators. By the time the Yonki power was reconnected most of the private generators were on their last legs, as they had not been designed for such continuous heavy loading.

We do thank PNG Power for notifying the LCCI of these problems and other problems that they have faced during the year. It is always better to know what is going on so we can advise our members to take necessary measures in good time.

The LCCI has made a representation to the Deputy PM and the Planning Minister, to urgently erect a new power station in Lae, to generate at least 40 MW so that Lae will be able to continue to have full power if the Ramu lines are down again in the future.



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For more information call us on phone 472 2000.

2011 ANNUAL REPORT (Cont)

Telikom Png

Telikom continue to advise the LCCI in advance of any impending problems with the system – as this advice is again valuable to members, who rely on the lines for communications.

The LCCI has approached Telikom to come up with a contingency plan, so that communications will not be totally out if future problems occur at the various mountain top facilities.

Lae Port

PNG Ports Corporation has continued several projects that will see the current wharf improved. These include

- The progress of the ADB funded “Tidal Basin Project” is finally proceeding with the selection of China Harbour Engineering Company to do the major dredging and construction of wharf facilities. This project should be completed by 2015 and will add a further 250 metres of wharf space.
- Work on the extension of Berth 3 has continued to be delayed with variations waiting final approval by the IPBC.

2. OTHER ISSUES

Local Government

The LCCI nominated Councillor Mr. Namon Mawason has been vocal on many issues during council meetings. The LULLG said that they would review the Trading Licences to solve the dilemma that we have posed re the rates and complicated system they have adopted. The problem is that there is now a new acting City Manager, and we will have to start our negotiations again.

Basically the LCCI believes that the LULLG is now ineffective, as the urban population has swelled beyond the city boundaries. We have made a submission to the Minister for Internal Affairs, to consider the formation of an Urban Commission, to include the Urban Services to all urban areas, including the development corridor to Nadzab and beyond Malahang.

Morobe Provincial Government

We have kept up our involvement with the Morobe Provincial Government, and continue to have an input at all levels.

The LCCI continues to be represented as follows –

- Alan McLay on the Morobe Provincial Audit Committee. These positions are considered important for better accountability and transparency of the Provincial Government.
- Alan McLay is also a member of the Provincial Monitoring and Coordination Committee and the Provincial Election Committee.
- Nigel Merrick is a member of the Lae Joint District Planning and Budget Priority Committee, Chaired by the Member for Lae Hon. Bart Philemon, which amongst other functions distributes the DSIP grant.
- Nigel Merrick is a member of the Provincial Liquor Licensing Commission
- Steve Linderman resigned from the Morobe Building Board, after being the LCCI representative for many years. Dennis Brewster has recently been appointed in this position. I would like to thank Steve for the contributions he made over the years to this important organisation.
- The LCCI have been a very influential member of the Morobe Provincial Physical Planning Board (MPPPB) since its inception in the mid 1990's. Mike

2011 ANNUAL REPORT (Cont)

Quinn was our representative for many years, and for the 4 years prior to 2009, he was the Deputy Chairman. The gerrymandering of the board members resulted in the LCCI position being handed to a non-chamber representative. Our complaints finally resulted in the suspension of the MPPPB in November 2011, by the Minister for Lands and Physical Planning. Until this suspension is lifted all Morobe Physical Planning matters are dealt with by the National Physical Planning Board.

During the year the MPG passed a new Provincial Act – to collect rates on Improved Properties. The LCCI objected strongly to this act and as a result the Minister for Internal Affairs advised the Governor that this Law was illegal, and was not approved.

Morobe Tourism Bureau (MTB) – As advised last year that the lack of honouring their funding agreement for 3½ years by the MPG, left the LCCI no alternative but to close the Tourism Bureau. The LCCI believes that the MTB operated successfully for the 12 years under the LCCI Management, where it put together tourist packages to a discerning market amongst other things.

Crime

Lae is seeing a significant increase in crime. Indeed it was the soaring crime at the bus stops, markets and streets that led to the “Lae Riots” in November last year. The LCCI has identified Eriku as having a large crime problem, and has approached business houses in Eriku who have pledged K100,000 to assist the construction of a new Police Station at Eriku. Designs for this Police Station have been done by Designscope Architects assisted by Able Construction. With the support of the Police a submission has been made and handed to the National Planning Minister to assist the Police Station with equipment, vehicles and manpower.

The LCCI has also prepared a submission on behalf of the police for funding for the other Urban Police Stations, for Manpower, equipment and vehicles.

When the Lae Riots occurred in November 2011, the Police sent two mobile units from McGregor Barracks, Port Moresby. The funding for these units did not come through for a week, and without the generous support of Lae Business Houses, they would not have been able to operate. The Lae businesses came to their rescue with enough food and drinks to last until the funds came through. They were also able to assist with vital communications.

Lae Chamber of Commerce Project with ADB

The LCCI Mobilizing the Private Sector to Respond to Gender and HIV/AIDS Project is linked to the Port Development in recognition of the fact that STI's and HIV/AIDS can enter Lae easily through the Port. Work on this project commenced in Mid January 2009 and our team of Nellie McLay, Dr. Christine Bradley, Lucy Daly Gam and Meredith Tutumang. These ladies have been working with company representatives and NGO groups and have completed a set of guidelines for companies to look at all options to assist companies put together their own Code of Conduct or Good Practices to address the HIV/AIDS epidemic. Several Peer Education training courses have been conducted aimed at middle management to pass on information on HIV/AIDS. ADRA have been engaged to enhance the skills of NGO's to deal better with HIV/AIDS issues.

This is a first of its kind project in the world where the Private Sector has been funded to interact in an exercise which will ultimately benefit such a wide range of people in businesses and the community as a whole. As such the ADB is watching the progress of the project very closely.

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2011 ANNUAL REPORT (Cont)

GENERAL

All of these functions and others have been taken on by our councillors, who have in addition capably assisted in meeting visiting delegations and attended meetings on a whole range of issues, including but not exclusively: Law & Justice sector meetings, electoral meetings and public gatherings, ADB meetings, World Bank and International Finance Corporation meetings, Assistance to SME Meetings with Department of Commerce, Meetings with PNG Ports senior Management, Provincial Aids and Health meetings etc. Also we have entertained foreign Trade delegations from Korea, Malaysia, Japan and Thailand. We have entertained the current Australian High Commissioner for the second time in 2011, as well as Austrade delegations and various AusAID representatives. I would like to thank all the councillors for their time and dedication to effectively represent our private sector on all these occasions.

Some of our councillors also have active roles at the national level representing National authorities, and our input is always well received, giving a more balanced perspective to national issues. Phil Franklin remains our member on the IPA board, and I remain on the National Tripartite Consultative Council and the National Roads Authority.

We continue to produce the weekly newsletter and it is certainly a well sort after editorial, becoming our major means for communicating with our members, as well as being of use to many organisations as a guide to the general business environment throughout the country. As the main form of distribution of the newsletter is by e-mail it is therefore received by 95% of our members instantaneously. The newsletter is a cheap way of advertising your business as many members have discovered.

The membership of the chambers has continued to steadily increase, which displays a confidence in the LCCI and its effort to strengthen the Private Sector. The Lae Chambers remains one of the largest chambers in the Country and our strong membership makes us a powerful lobby group with our views and opinions constantly sort by the media and the government and government organizations, which is an indication of our effectiveness.

I would like to take the time to thank all outgoing councillors for their efforts and their participation in a wide range of activities during 2011. I pay special tribute to Mike Quinn who held many posts in the Chambers over the years, but none as important as the role he played with the Morobe Physical Planning Board, where in the last few years he was acting chairman and kept the equilibrium of the organization. Jon Pittar, Simon Vandestadt and Robert Schilt all left although Robert continues to support the LCCI by upgrading the website from his Sydney base.

I would like to welcome the newly elected councillors to the LCCI for 2012 and look forward to working with you as a new team. . I personally thank Nigel Merrick as the Senior Vice President and Bob Howden as the Junior Vice President. I would also like to give my sincere appreciation to the Treasurer Stephen Beach for the time and effort he has devoted to preparing the monthly and the annual financial accounts. I am grateful again for the work that the honorary auditors HLB Niugini Limited.

I have continued to rely on our Executive Secretary Wendie Garalom, whose knowledge of the Chambers and the records we keep is invaluable and her support to me is so important.

The year 2012 has commenced well in a lot of areas with the never ending challenges we face, and we trust it will continue to be successful for the chambers in its endeavours to promote a better climate for business activities in the city of Lae and Morobe Province as a whole. This year has the extra challenge of the National elections, which I hope will be conducted in a peaceful manner.

I would finally like to thank the members for their continued support of the chambers, after all you and your membership are what keeps the organization going.

Alan McLay
President

Last Chance to book a seat at the free breakfast to hear the presentation by the BoPNG Governor Loi Bakani on the March 2012 Monetary Policy

There is still time to contact Wendie if you wish to attend the lunch with BSP Executive

BREAKFAST

It is still not too late to join us for the breakfast meeting
Book a place by return message or call Wendie on 4722340

TUESDAY 3rd of April 2012

0700 to 0900 at the Lae International Hotel

To hear the Presentation by the Governor of the Bank of Papua New Guinea – Mr. Loi Bakani

on

March 2012 Monetary Policy Statement

This Breakfast will be a free event kindly put on by the BoPNG.

A FOCUS ON THE PAPUA NEW GUINEA RESOURCE SECTOR

PNGREPORT

The latest edition for February 2012 of this magazine is now on display at the Lae Chamber of Commerce. Read the reports on the ROAD WARRIORS (The unforgiving Highlands Highway), MONEY LAUNDERING (looking under the carpet), BLASTING (Orica sets the standard) and LOGISTICS (Shipping on the Fly) when you get your free copy of this February edition, which can be reserved by contacting Wendie on 472 2340 or by emailing us at lcci@global.net.pg

LUNCH WITH THE BANK OF SOUTH PACIFIC

PLEASE KEEP IN MIND

LUNCH ON Thursday 12th APRIL 2012

With the Board and Senior Executive of the Bank of South Pacific

**12 NOON AT THE VANDA RESTAURANT
THE LAE INTERNATIONAL HOTEL**

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The Lae Chambers will also give a run down on events in Lae

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2012 LAE BRANCH SEMINAR

Guest Presenters

Sir Isi Henau Kevau,
Executive Dean & Professor of Medicine,
Dean of Medicine & Health Sciences, UPNG
“Non-Communicable Diseases & the
Impact on PNG Workforce”

Dr. John Garap, Industry Health Care Service
Provider & Private Doctor, Lae
“Private Sector Contribution to Health
Care in Urban Centers”

Saturday 14th April, 2012 - 1pm

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Ludwina Philemon - 7337 9992 / Ludwina.Philemon@anz.ccamatil.com

Elijah Monope - 7160 2967 / hrtraining@mainland.com.pg

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