LAE CHAMBER OF COMMERCE INC.

WEEKLY NEWS UPDATE

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LAE CHAMBER OF COMMERCE INC.

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FROM THE PRESIDENTS DESK

ELECTIONS

I have struggled to write anything positive about the vote counting that has been taking place during the week. Like everyone else I started to follow the counting from last Saturday, from the various media outlets – radio, television and the daily newspapers and the Electoral Commission website – www.pngec.gov.pg . However delays were experienced in more than 50% of the electorates, plus the fact that the polls haven't been completed in Eastern Highlands, Chimbu and Western Provinces, has meant that there is no clear indication as to who is actually leading. Then there are the inaccuracies in the reporting that further erodes the value of trying to get a worthwhile picture of the counting, and which party/ies will eventually form the Government at this critical stage of development in Papua New Guinea.

The Electoral Commission must become better organized. Last week we were critical about the polling, but now from an outsider's perspective, the counting process is taking way too long, and as far as we can see this is due to several factors. Scrutineers not knowing their powers and questioning just about every ballot box and every ballot paper; the electoral officials who have been refusing to count until their allowances are paid; and observers to the counting making all nature of unnecessary threats and coercions. One starts to wonder if these delays are all a scheme to get more allowances.

If the counting is planned properly then there should be no reason why counting in each Open Electorate at least cannot be completed in one day!

International Chamber of Commerce
The world business organization

News Alert

Customs chambers partnerships showcased at WCO Knowledge Academy

Brussels, 11 July 2012

ICC WCF representatives joined business professionals from the private sector, Customs managers and administrators, border agency officials, international organization representatives and academia in Brussels to discuss the most pertinent topics that impact today's international trading environment, including the central role of chambers in trade facilitation.

http://iccwbo.org/News/Articles/2012/Customs-chambers-partnerships-showcased-at-WCO-Knowledge-Academy/

Lae Chamber of Commerce Inc.
2012
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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.

DEPARTMENT OF LABOUR AND INDUSTRIAL RELATIONS (OFFICE OF WORKERS COMPENSATION)

COMPULSORY WORKERS COMPENSATION INSURANCE POLICY INSPECTION

The Momase Regional Office of Workers Compensation advise that they will be conducting inspections on all Malahang and East and West Taraka based employers from 24th July to 24th September 2012.

Under Section 90 of the Workers Compensation Act 1979, Workers Compensation Insurance must be taken out by all registered commercial business establishments for all of their employees.

During these inspections the Inspectors will be seeking to view the following documents from the employers:

- COMPULSORY WORKERS COMPENSATION INSURANCE POLICY CERTIFICATE
- NAME OF CURRENT INSURER AND BROKER
- BUSINESS REGISTRATION CERTIFICATE
- TOTAL NUMBER OF NATIONAL EMPLOYEES
- TOTAL NUMBER OF FOREIGN EMPLOYEES
- RECORD OF WAGES

AUSTRALIAN MINISTER FOR FOREIGN AFFAIRS
Senator the Hon. Bob Carr - July 13, 2012

AUSTRALIA TO HOST HIGH-LEVEL MALARIA CONFERENCE

Australia will host a high-level conference in October to help combat the challenge of malaria.

Minister for Foreign Affairs Bob Carr announced the Malaria 2012: Saving lives in the Asia Pacific conference at the East Asia Summit Foreign Ministers' meeting in Cambodia yesterday.

"Despite recent progress in tackling malaria, there are still more than 200 million malaria cases globally, with around 30 million cases in our region," Senator Carr said.

Malaria has a profound impact on some of the poorest and most vulnerable people in our region causing 42,000 deaths in 2010 and leaving many more unable to work and care for their families. Malaria also threatens economic growth and business interests in the region.

"Gains in controlling and eliminating malaria are threatened by emerging drug resistance in the region.

"Addressing global health issues has been a priority for Australia at the East Asia Summit Foreign Ministers' meeting and I am pleased that we will continue this work at the malaria conference later this year.

"The conference will provide an opportunity for Asia-Pacific leaders to build on our successes, protect the gains and further develop regional responses to malaria.

"It will also provide a forum to discuss how we can work together to combat emerging drug resistant strains in the region and explore ways of contributing to the global effort to eliminate deaths from malaria by the end of 2015, as called for by UN Secretary General Ban Ki-moon."

Australia has been working with developing countries in Asia and the Pacific regions to combat malaria. Australia currently supports the Asia Pacific Malaria Elimination Network and provides investments to save peoples' lives, including through funding treatment and the distribution of bed nets in Asia Pacific.

Our support has helped to achieve significant results in reducing malaria cases in the Solomon Islands and Vanuatu. Since 2003, our investments have helped to reduce malaria cases by 70 per cent in the Solomon Islands and 85 per cent in Vanuatu.

Malaria 2012 will be held over three days in Sydney from 31 October – 2 November 2012. Representatives from governments and development partners across Asia and the Pacific will attend the conference along with leading health and development experts.

Senator Carr will host a ministerial meeting as part of the event with the UN Special Envoy for Malaria, Mr Ray Chambers.

Minister's office: 0435 658 623

Australia Opposition calls on Shift in PNG Relations

AUSTRALIAN OPPOSITION CALLS FOR A SHIFT IN PNG RELATIONS

The Australian opposition has publically devoted much attention to Australia's relationship with Papua New Guinea in recent weeks, acknowledging the country as one of the most important developing nations in the Asia Pacific region and a foreign policy priority. Opposition leaders are calling for a shift in relations from that of aid dependence to one of economic and development partnership.

In a recent address to the Development Policy Centre at the Australian National University, Australia's Deputy Leader of the Opposition, Julie Bishop, reaffirmed the importance of Papua New Guinea as a regional partner, stating that within the Pacific there is no more important relationship for Australia.

Bishop suggested that although aid remains a dominant feature of Australia's ties with Papua New Guinea, it is time the country played a more supportive role in strengthening "policy and regulatory frameworks that foster entrepreneurship and the development of a robust private sector." She argued that greater levels of aid did not necessarily correlate to better outcomes or lead to closer and more meaningful relationships.

Bishop claimed that Pacific Island economies, such as PNG, should be supported through the establishment of a Pacific-wide economic and trade agreement as "a way to encourage sustainable economic growth and improve living standards." She argued that Australia should also be aiming for a high-quality, comprehensive free trade agreement with PNG.

Bishop highlighted the need for PNG to diversify its economic base, address capacity constraints within the economy and increase investment in key service delivery areas such as health and education. She argued that Australian input could be central to further development in these areas through increased support for initiatives such as infrastructure development, education and skills transfer, seasonal guest worker programs and the promotion of cultural ties in areas such as sport.

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Please contact Wendie on 472 2340 to book a free copy or just call into the Chamber.

LCCI Website News

LCCI WEBSITE DEVELOPMENT

The new LCCI website is functioning well and we have taken notice of the many suggestions on changes. We believe it is looking good.

Check it out at **www.lcci.org.pg**.

If you want us to include links to your website, please advise and we will arrange. Any other queries re-your companies listing please advise and we will take immediate remedial action.

PNG REPORT June/July edition just received.

Collect your free copy from the LCCI Office

PNGREPORT

The latest edition for June/July 2012 of this magazine is now on display at the Lae Chamber of Commerce. Read the reports on the ELECTION EXPECTATIONS, LAE PORT EXPANSIONS, PNG DEVELOPMENTS, BUSINESS CONCERNS and more, when you get your free copy of this June/July edition, which can be reserved by contacting Wendie on 472 2340 or by emailing us at lcci@global.net.pg. or just come into the chambers and pick up your copy.

Papua New Guinea

Speech by the Minister for Public Enterprises Rt Hon Mekere Morauta, KCMG MP to welcome Air Niugini's new Boeing 737 to Port Moresby

11 July 2012

11/07/2012 - MS new ANG jet

Good afternoon ladies and gentlemen. Thank you Prime Minister for coming today. I take this opportunity to congratulate you for your sweeping victory in Ialibu-Pangia.

We are here to welcome this new aeroplane to our country – it will be a most valuable addition to Air Niugini's fleet, serving on the Brisbane, Sydney, Cebu, Manila and Auckland routes. So it's going to be a bit of a workhorse.

This is exactly what Air Niugini needs – maximum use of its capital assets, maximum profit from its investments.

I congratulate the Chairman Mr Garth McIlwain and the Board, and the management team led by Mr Wasantha Kumarasiri for this initiative.

The national airline, like all of our publicly owned enterprises, can be healthier than it currently is. The status of this aircraft in fact is a symbol of the problems the company faces. It is leased. Air Niugini does not own it.

Now many airlines do not own all the aircraft in their fleets – many choose not to for good financial reasons. But in Air Niugini's case, it does not have the luxury of choice.

The reason, simply, is that the national airline's balance sheet is not strong enough to stand the cost of outright purchase of all its aircraft, especially bigger jets like this.

There is nothing new in this. Air Niugini has been unable to own all of its fleet for many years.

In today's fleet of 22, less than half are owned by Air Niugini – four Fokker 100 aircraft, three Q400s, two Dash 8-100s and one Dash 8-200. And these are the less expensive aircraft.

Air Niugini is leasing 12 aircraft - three Boeing 767s, two Fokker 100s, three Dash 8-200s, three Dash 8-300s and this Boeing 737.

The constrictions imposed by its balance sheet do not end with aircraft – they affect every aspect of the organisation and its operations.

We all know the results: flights cancelled, flights delayed, passengers offloaded, and so on.

And there are longer-term and more fundamental consequences: Air Niugini in its present configuration is unable to provide reliable and affordable services to all the people, the shareholders of Air Niugini.

It is flying on one engine, not two.

To be in a position to provide the services that travellers need, Air Niugini requires a large infusion of financial capital from its shareholder, the national Government. I believe Air Niugini needs at least K800 million to re-fleet appropriately, in type, size and number of aircraft.

But providing all public enterprises with the money needed to rehabilitate them and put them onto a sound financial footing is virtually impossible. No government has ever been able to meet all their requirements, so Public Enterprises struggle on as best they can with what they generate or borrow.

Air Niugini is to be congratulated for the fleet restructuring that it is undertaking at present – it will be more efficient and it will be more profitable and it will provide better services. It is to be congratulated as well for its recent decision to fly into Wau-Bulolo and Daru.

But it could do so much more if it was put on a sound financial footing.

We do have one chance to do this – possibly our last chance – and that is through the new Sovereign Wealth Fund.

I have suggested that the Sovereign Wealth Fund should earmark dividend flows from PNG LNG - about K500 million per year – to be used to recapitalise our public enterprises, and to pay for the maintenance of national infrastructure (roads, ports, airports, universities, hospitals) and the provision of rural infrastructure.

I hope that the next Government sees the wisdom and practicality of that.

I also hope that it does not succumb to the temptation of winning political popularity contests – looking good but doing nothing and achieving nothing to solve our deep-seated problems.

Governments and politicians are there to make decisions in the national interest, not to please vested interests or to entrench themselves in the comfortable seats of Parliament House.

Most importantly I hope that it does not listen to the ignorant, self-interested mauswara that the opponents of reform inflict on us.

Most recently vested interests and would-be politicians opposed NEC's proposed solution to the constant power blackouts that the national capital suffers.

The anonymous arguments they put in support of their case were non- arguments. What they served up to the nation through the media – in particular with the connivance of the Post-Courier – was politically motivated and self-serving nonsense consisting of falsehoods, rumour, innuendo and smear.

Facts appear to be a non-essential item in public debate these days.

How long are we going to allow tens of thousands of families to suffer every day because there is no electricity for mothers to cook with or lights for children to do their homework by?

How long are we going to allow people – the old, the very young, the ill and the frail – to be put at risk because there is no power or water?

Why should we allow the job prospects of our children to be crippled because rather than hiring more workers, business needs to spend its money on generators and fuel?

These are the consequences of the opposition to the reforms that the nation so desperately needs.

It is my hope that the incoming Government will make decisions based on the fact that the people of Papua New Guinea own Public Enterprises.

Not unions and employees. Not directors and management. The people own Public Enterprises through their elected representatives. And elected representatives have a duty to make decisions in the national interest. Elected representatives are empowered directly by the people, and the people are the owners of these assets.

One of the biggest failures we have as a nation is that decision-making is often on the basis of political convenience or pandering to sectional interests.

It is my hope that the new Government has the determination and the wisdom to make decisions solely on the basis of the common good.

If the new Government does not prevent decision-making from being hijacked, we will continue our increasingly rapid slide down a slippery slope.

Public Enterprises are at the heart of service provision, yet they lack capital, they lack clear and consistent direction from government, they are not fully accountable and transparent, and they are unable to operate on fully commercial terms.

Until my reforms beginning in August last year, none of them had paid a dividend to their owners, the people of Papua New Guinea, since 2007. Today's dividend from Air Niugini is most welcome.

In fact it is the first paid by Air Niugini in 16 years, the first since 1996.

That in itself shows the weak financial position of the airline. The dividend of K6.4 million represents 5% of paid up capital, again demonstrating the shallow capital base the airline has to work with. Air Niugini is totally dependent on borrowed money and internally generated revenue – this will never be enough for it to make the shift from flying on one engine to flying on two.

The lack of capital of all public enterprises is the principal cause of their service delivery falling far below acceptable levels. They have not increased rural air services, reliable power, efficient ports, competitive telecommunications or fast and affordable internet services, to name just a few areas for which they are responsible.

Sure, we can apportion some of the blame for this dreadful state of affairs to the Somare family's treatment of IPBC and its public enterprises as a personal empire, but the problems are more deeply rooted than that.

It is significant that since the creation of IPBC out of the former Privatisation Commission in 2002, not one Public Enterprise has been successfully rehabilitated and referred back to the government for a decision on its future.

That tells us that the Government, IPBC and the SOEs have failed to do their jobs properly.

My reforms of IPBC since August last year show that Papua New Guinea is perfectly capable of the institutional rehabilitation that is needed.

From an organisation paralysed by a lack of leadership and direction, and political interference and nepotism, it has become effective, efficient and vigorous in its leadership of public enterprises.

I hope that the new Government continues these reforms and extends them to all public enterprises, including Air Niugini, and that one day our national airline will be able to provide the extent and quality of services that all Papua New Guineans require.

Thank you.

Minister for Public Enterprises
Rt Hon Mekere Morauta, KCMG MP

Lae Roads Report

Lae roads

We are delighted that the National Newspaper has taken up the cudgel on the plight of the Lae Roads in the last couple of days.

Yesterday's photo of the pot hole ridden road into NADZAB Airport gave a good indication of just how bad this road has become. The road has been deteriorating for the past couple of years, and last year Prime Minister O'Neill listened to our request and allocated K5 million to fix up the road. The quick action to grade the road in September last year was encouraging but nothing else has been done. The remainder of the K5 million allocated for this road is urgently needed to fix this road. It is disconcerting to say the least to be following a vehicle that all of a sudden disappears into the Kunai to follow a dirt track that the driver believes to be more accessible than the formal road.

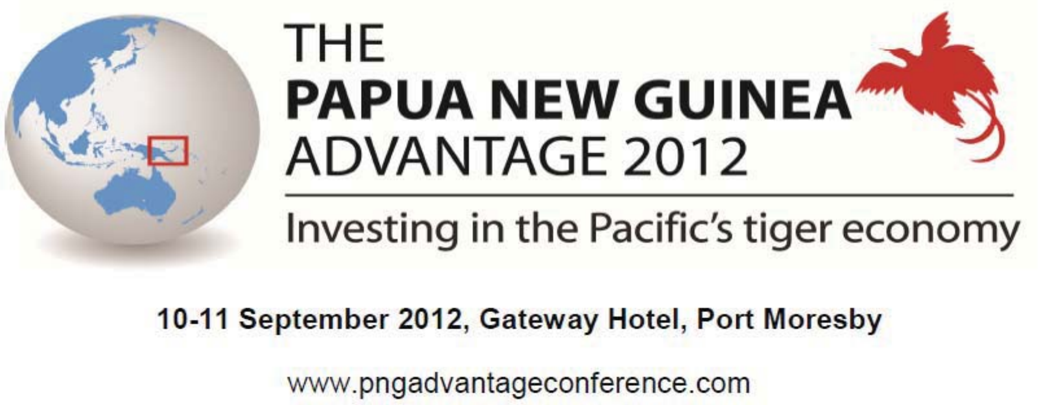
The NADZAB Airport is the first site of Lae to visitors and leaves a lasting memory. What a memory it is to have a pot hole ridden access to the main drag into the Lae City!

The photograph in today's National, showing the incomplete section of the new concrete roads at 2nd street, near the Melanesian Hotel is a beauty – although it could have been taken at 5th Street, 14th Street or Sandpiper Road. One of the jobs for the new Government will be to finish off the incomplete Lae concrete Roads.

One good piece of news is that the containers that blocked 2nd Street whilst the construction of the new Nambawan Superannuation building was being erected were being removed today. If 2nd Street is open again to traffic then at least some of the congestion in the CBD will be eased.

The PAPUA NEW GUINEA ADVANTAGE Conference will be held at the Gateway Hotel on Monday 10th September to Tuesday 11th September 2012

Special Rates on Accommodation at the AIRWAYS HOTEL and THE GATEWAY HOTEL



MONDAY 10 SEPTEMBER 2012-07-06

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TUESDAY 11 SEPTEMBER 12012

The Papua New Guinea Infrastructure Summit

Collect your Conference Program from the LCCI Office

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Register online at www.pngbusinessadvantageconference.com

MADE IN PNG MAGAZINE WILL BE OUT SOON.

SECOND EDITION OF 'MADE IN PNG' ON ITS WAY

Focusing on PNG's products and producers-

Following its successful launch in 2011, a second edition of Made in PNG: Showcasing Papua New Guinea's produce and producers is now underway and will be published in August.

The LCCI will receive your free copy, which will be promoted when available.