



# LAE CHAMBER OF COMMERCE INC.

## WEEKLY NEWS UPDATE

22 February 2013

VOLUME: 07 - 13

### LAE CHAMBER OF COMMERCE INC.

Room 5, the Professionals Building, 5<sup>th</sup> Street

P O Box 265, Lae 411 Morobe Province Papua New Guinea

Tel: (675) 472 2340 Fax: (675) 472 6038

E-mail: [president@lcci.org.pg](mailto:president@lcci.org.pg) [info@lcci.org.pg](mailto:info@lcci.org.pg)

Website: [www.lcci.org.pg](http://www.lcci.org.pg)

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*Thank you*

### FROM THE PRESIDENTS DESK

#### Lae runs out of state land

Source: The National, Thursday 21st February, 2013  
By CLEMENT KAUPA

LAE city, the country's industrial hub, has run out of state land to develop. Morobe administrator Kemasang Tomala revealed this yesterday, saying provincial authorities were at loggerheads with customary landowners over the remaining land in and around the city.

"There is no more state owned land left in Lae city," Tomala said.

He was speaking at a World Vision meeting in Lae that was attended by Morobe MPs, provincial and district administrators and officials. He said his administration was under intense pressure due to the current economic boom in the city and province, particularly the increasing demand for land in the city.

"Contrast that with the legality of squatter settlements and you have a very complex and challenging problem to tackle.

"It is a distortion of government functions when considered against the rights of customary landowners.

"This effectively means that unless a mutually a beneficial arrangement is reached between the parties, Lae's anticipated commercial expansion is on hold indefinitely," he said.

Tomala added that the lack of basic facilities such as water and electricity in settlements in and around the city was due to customary land issues.

"We cannot go into these settlements and connect these vital services because we do not have the legal rights to do so."

"The matter is compounded further by increasing external demands exerted by the economic boom."

Tomala also revealed that by May there would be another six fishing companies operating out of Lae which would boost employment by 25,000 to 30,000 skilled and semi-skilled workers.

"But the province lacks capacity in-terms of skills, machinery and basic utilities to cater for these increasing demands," he said.

#### LCCI COMMENTS

*One of the reasons for land shortage in Lae is the inappropriate and sometimes illegal allocation of Land in the City. Over the past few months there have been many letters to the editor and requests for these land grabs to be investigated in both daily newspapers.*

*The result is that Parklands, underwater leases, residential areas and even private houses; have been allocated in a dubious manner. As requested time and time again, there should be an investigation into these deals, but the question is whether there is anyone who will do these investigations or are game to do so because of threats and intimidation.*

*For the Provincial Administrator to say that the only land that is available for the city's expansion is customary land is on the whole correct, only because the Government - al-be-it National or Provincial Government - has failed to plan ahead for Lae City's development and acquire sufficient land accordingly.*



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- To promote support or oppose legislation; or take any other measures to improve the business community;
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**AHI LAND MOBILIZATION SCHEME (Cont)**

*It is pleasing that some of the Ahi leaders have themselves started the AHI LAND MOBILIZATION SCHEME which is a way to take control of their own land. Under this project land will be identified as being for the villagers own use, and then land will be subdivided for residential and business use. Settlers will be catered for by being able to lease land on which they will be able to construct permanent houses.*

*There is to be a Ahi Land Mobilization forum held in the next week and the Ahi's will look at all issues relating to land and land requirements in Lae City. Although the Government has promised support to this project, they have yet to provide any visible assistance.*

*The scheme will work if it gets the wholehearted backing from all the Ahi landowners. Unfortunately many of the landowners are unwittingly responsible for the spread of the settlements by individually leasing customary land.*

**ANGAU HOSPITAL**

The National Newspaper reported yesterday - **Rape suspects arrested** ... Aggrieved Angau Memorial Hospital nurses and doctors yesterday received news that all five suspects allegedly involved in the rape of their female colleague have been arrested with the help of the East Taraka community.

This of course was great news. Our notice to members that the Chairman of the Angau Board had advised that the Hospital was to be closed because of this dreadful deed was regrettable. It did most likely result in increasing public outrage enough for the East Taraka community to help the alleged culprits to be captured. Angau thankfully opened its doors to the public again yesterday on the capture of the perpetrators of the rape. We request the hospital board and administrators to seek alternate action before closing the hospital doors again.

The Health Department should wake up to the fact that lack of funds result in piecemeal security to be provided for the nurses and staff at Angau. This is not the first time that a nurse has been attacked on the way home after finishing a night shift. It will not be the last time if security is not beefed up.

The public however must wake up too. For the community to help capture the rapists is reacting to a particularly bad deed after the fact. There must be a change of attitude of the public especially in settlements. Parents and leaders must take control of their own sons and daughters behaviour and attitude. Make sure they keep up their schooling and stay out of joining gangs, especially those concerned with cults. Stop the youth from underage drinking, smoking marihuana, or indeed any anti-social behaviour. Encourage more worthwhile after school activities, especially sports, scouts reading etc.

This is the only way that the poor image of Lae will improve.

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*Extract from  
**PNGIndustry-  
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Essential PNG Industry News

## Pipeline progress

Blair Price  
Monday, 18 February 2013

**ABOUT 74% of the 292km onshore pipeline of the PNG LNG project is welded, with the tie-in of this to the completed offshore pipeline made in December.**

According to an ExxonMobil spokesperson, more than 215km of the onshore main line and spurline pipe has been welded and 176km of pipeline has been hydrotested.

The 407km offshore pipeline was an easier task and the final tie-in to the completed section of onshore pipeline occurred at the Omati landfall in its namesake river in December, with Exxon recently releasing a photo of the event.

"This is another example of the progress being made across the PNG LNG Project, despite difficult conditions," PNG LNG project executive Decie Autin said last week.

"We are just over 75% complete across the entire project and on target for first gas deliveries in 2014."

The 700km-plus stretch of pipe will transport the \$US19 billion project's gas from Papua New Guinea's Hela/Southern Highlands region and Western Province to the under-construction two-train, 6.9 million tonne per annum LNG plant northwest of Port Moresby.

First production is still expected in 2014, while ongoing upstream efforts could fuel a third or fourth train expansion at some stage.

The PNG LNG consortium consists of ExxonMobil (33.2%), Oil Search (29%), state-owned National Petroleum Company of PNG (16.6%), Santos (13.5%), JX Nippon (4.7%), landowner interest manager Mineral Resources Development Company (2.8%) and state-owned Petromin (0.2%).

Elsewhere in the project, the 2.4km jetty at the LNG plant site is almost complete and hydro testing of the two LNG tanks is underway.

## Onstream by mid-2014

Thursday, 21 February 2013

**DESPITE the doubts and unexpected delays affecting various project sites, the \$US19 billion PNG LNG Project appears on track to deliver first gas, and export LNG, by the middle of next year. By Wantok**

Much of the negative publicity even before construction began in 2010 came from the Australian media, which openly doubted PNG's ability to complete the project sometime in 2014.

Landowner issues mainly involving failures on the part of the national government to promptly deliver promised business and infrastructure grants were a major cause for concern.

Once construction got underway in 2010 it soon became clear ExxonMobil had not carried out adequate geotechnical work on the 3.2km Komo airstrip with discovery of excessive amounts of clay beneath the soil – which proved to be a major deterrent to construction.

Several months of uncertainty ensued before it was confirmed that Komo could still provide the airstrip to enable the Antonov aircraft to fly in several essential loads of equipment for the Hides Gas Conditioning Plant.



The tie-in between the onshore and offshore pipelines of the PNG LNG project took place in December, 2012. Image courtesy of Exxon.





**Appointed by the National Executive Council, the new boards are as follows.**

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**Onstream by mid-2014 (Cont)**

There were other unexpected events that created uncertainty, including the widely reported major landslide near Tari in early 2012 that claimed at least 25 local lives according to some estimates. Work had to stop for a few weeks as a result.

Nevertheless the project is on track for commissioning and final completion by June next year and could be finished even sooner in line with the original plan to complete the project in the first quarter of 2014.

At this point in time the LNG plant, on the outskirts of Port Moresby, is probably somewhat ahead of schedule. As soon as the final nuts and bolts are in place it will be ready to receive commissioning gas from the Associated Gas Project managed in PNG's oilfields by Oil Search.

The offshore portion of the gas pipeline stretching over 700km from Hides to the LNG plant has already been completed and tested and the onshore section has already made its way past Kutubu and is currently on its final stretch. Possibly the onshore pipeline, alongside a fibre optic cable, will be completed by the middle of this year.

In its latest quarterly announcement Oil Search said it was ready to supply commissioning gas by the end of this year, making it all the more plausible that exports could well commence in the first quarter of 2014 or by June at the latest.

As always the major danger to the timing of the project are not the joint venture partnership or even the landowners but the national government, which has inadequately handled landowners issues for which it is responsible.

In recent weeks Petroleum Minister William Duma's Department of Petroleum and Energy has been inviting applications from people who will carry out social mapping for parts of the project area. This is a task that should have been completed prior to project approval.

The LNG project joint venture had completed and submitted its social mapping for the entire area by around the middle of 2009 but the Department had failed to endorse the work at this time leading to continuing uncertainty that is apparently now to be addressed.

Meantime, project construction is making solid progress and the PNG LNG JV has carried out immense work in the areas of landowner engagement and socio-economic programs designed to lift living standards among the 65,000 people within its project area.

Clearly, if the Antonov aircraft arrive on schedule in the next couple of months, it would be quite feasible for the project to be completed, and for exports to commence, during the first quarter of next year. Otherwise mid-June appears highly achievable.

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## ADB sounds note of caution on Lae port

19 Feb 2013 by [Business Advantage](#)



The ADB's Stephen Groff (2nd from right) inspects the Lae port development. (Credit: ADB).

The long-awaited project to expand Lae's port is 'ahead of schedule', according to the Asian Development Bank's Vice President (Operations 2) Stephen Groff, who visited Papua New Guinea last week to inspect progress.

The Lae port contractor, China Harbour Engineering, is expected to complete the project—70% of which is financed by ADB loans—by the end of 2014.

Groff sounded a note of caution during his visit, however.

'It's not just completing the port,' he told *The National* newspaper.

'The Government needs to ... think ahead about what they're going to use the port for. This is a critical piece of infrastructure for the Highlands Highway, so you need to think ahead about how you're going to use this port for imports and exports, and moving goods in and out of the area. What we don't want to see at the end of 2014 is physical infrastructure ... turned over [to the Government] and there's a couple of years before the port is really active.

We would hope that the port would be fully functional and active sometime in 2015.'

## Kina overvalued

20 Feb 2013 by [Business Advantage](#) [Leave a Comment](#)

### The most overvalued currency in the world

The [revelation](#) last week—via an HSBC report—that the Australian dollar is the most overvalued in the world makes you wonder about the PNG kina.

Based on the past decade, it is currently trading at about its average level with the Australian dollar so theoretically would also be a contender for this title—if, of course, its economy were large enough to be included in the survey.



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## PNG plans military build-up, but why?

by Donald Gumbis - 15 February 2013 11:48AM

*Donald Gumbis is a Lecturer in political science at the University of Goroka and an intern at the Lowy Institute.*  
Papua New Guinea's Defence Minister Dr Fabian Pok has announced that [PNG plans to build up its military capacity from around 2000 personnel to 10,000](#).

While it is hardly unusual for fast-growing resource-rich countries to increase military spending as their national ambitions expand, Papua New Guinea has yet to address very significant development challenges in basic health and education. Increased spending on the military in such circumstances must therefore be questioned.

Why does Papua New Guinea need a larger military capacity? One factor in the Government's consideration could be the land border with Indonesia. The [border skirmishes](#) between the traditional people of PNG's Sandaun Province and Indonesian military spotlight the PNG Government's inattention to border issues. These issues pose a test for the Treaty of Mutual Respect, Friendship and Cooperation PNG has with Indonesia.

[In a Radio Australia interview](#), former PNGDF Commander General Jerry Singirok noted key issues of concern with the announcement. He said there was no PNGDF White Paper to guide this proposed expansion, the PNG Government has never prioritised defence spending and there would be a substantial cost involved in rebuilding a downsized force.

The ongoing retrenchment exercise of close to 2000 personnel, [which began in 1999](#), is a difficult issue that the Defence Department is still not adequately addressing. Further to that, there are challenges for the PNGDF to raise its performance level and the security of its weaponry. The recent [mu-tiny case](#), insubordination [and misconduct of soldiers](#) all undermine the ministerial statement.

Policy announcements have tended to be more frequent than policy implementation in Papua New Guinea. But if this announcement reflects a serious intention by the PNG Government, it warrants more discussion.

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### LAE ROADWORKS

On 24<sup>th</sup> February Red Rock Investments Ltd will commence reconstructing 15 road intersections in the Industrial area of Lae (on roads called the AusAID Roads) funded by the Lae Urban Local Level Government. The first intersection to be tackled will be the corner of Malaita and Kisere Streets on Sunday 24<sup>th</sup> February.

The contractor will try and minimize traffic disruptions and access to business houses, which is why they are doing this section on Sunday. The LCCI will notify members of a full list of intersections and roads as they are close to be done.

The plan is to do the majority of the works at night after this initial section. The contractor will be liaising with businesses in the vicinity of the works to ensure that they fit in with their operations as much as possible.

All failed sections will be stabilized with a high percentage of cement and Renolith Polymer stabilizing agent. This will ensure that repairs will be open to traffic soon after completion.

Once all sections have been stabilized they will be overlaid with heavy duty polymer modified asphalt designed for heavy traffic and intersections.

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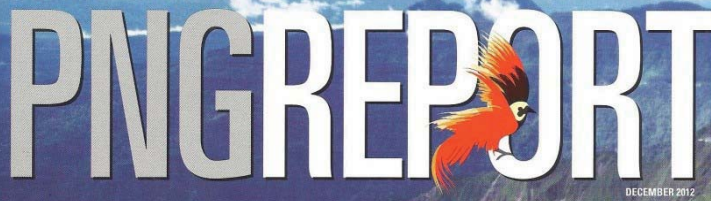
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