



# LAE CHAMBER OF COMMERCE INC.

## WEEKLY NEWS UPDATE

8 February 2013

VOLUME: 05 - 13

### LAE CHAMBER OF COMMERCE INC.

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*Thank you*

### FROM THE PRESIDENTS DESK

#### ERAP RIVER

The National Airports Corporation (NAC) sent a team of experts from Headquarters to Nadzab on Tuesday this week to look at the changing course of the Erap River and the potential damage to the NADZAB Airport and the Navigational Aids equipment and facilities.

They agreed 100% with the suggestion of the Mainland Holdings engineers to get a Dozer into the Erap River to try and stem the flow of water through the airport land and into Duram Farm. There has been a continuation of heavy rains in the catchment area of the Erap, with some flooding still occurring, however when the flooded land gets a chance to dry out, it was agreed to get the machinery in quickly, so as to allow the NAC to work on continuing the Levy bank through to the River.

The NAC may not have sufficient disaster funding but the LCCI has approached the Morobe Provincial Government and have promised to assist, as they did when a similar problem occurred in 2007. This problem must be attended to with urgency as there is a very real threat that further flooding may cause the river to break its banks and cause enormous damage.

#### TSUNAMI WARNING

On Wednesday this week, frequent warning messages were sent from the Lae Chamber of Commerce regarding the threat of a Tsunami stemming from the huge earthquake in the Solomon Islands. The Earthquake generated a Tsunami and the Hawaiian warning centre sent a Tsunami warning to most Pacific Island Countries including Papua New Guinea. It was fortunate for us that it was not a deep Earthquake and the Tsunami only affected local islands. Even so there was a great amount of damage to the villages on these islands with loss of lives.

As I mentioned in a circular message on Thursday, this tsunami warning was a very real threat to Lae and the LCCI believes that it is better to receive as precise information as is available, so as to dispel the rumours that circulate freely through social media and word or mouth, which is exactly what happened on Wednesday. From the amount of feedback we have received our warnings were well appreciated.

Yesterday as has happened in the past, many individuals possibly company staff members rang the Chambers office to request information about the tsunami. These people were well intentioned and showed that there is a distinct lack of any form of immediate communication for impending disasters such as this event. The problem is that these calls clogged up the LCCI telephones for 3 hours, right when we were trying to monitor the situation. We therefore request that any LCCI warnings or important notices affecting your staff, be made available verbally or by notice to them, so they will not ring the LCCI.

We are making an approach to Government officials (both National & Provincial) to see if there can be improved communications for such disaster warnings in future.

See AusAID's relief for the Tsunami victims on the last page of this new update.

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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



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**Benefits of mediation in business strategy voiced at Mediation Week launch conference**  
Paris, 7 February 2013

Speaking at the ICC 4th International Commercial Mediation, Michael Leathes, former Head of Intellectual Property at BAT, stated that while mediation offers an 80% success rate, a depressingly small number of companies seem to have a conflict management system in place.

<http://www.iccwbo.org/News/Articles/2013/Benefits-of-mediation-in-business-strategy-voiced-at-Mediation-Week-launch-conference/>

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**MARKET PRODUCE**

Our last week's article on the lady growing "Kangkong" in a drain at Chinatown in Lae and the threat that this poses to health, drew the following response from the Lae Urban Local Government.

*The Health Manager has been directed to attend to this and advise me on his action. You will be informed of any progress – Roy Kamen, City Manager.*



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Essential PNG Industry News

### Lifting the expanded Golpu case

Blair Price  
Wednesday, 6 February 2013

**THE likelihood of lift 3 expansion plans for Newcrest Mining and Harmony Gold's Golpu block cave project in Papua New Guinea have been boosted by a deep 246m intersection grading 1.97% copper and 1.68 grams per tonne gold.**

This drilling result was part of a broader 658m intersection grading 1.09% copper and 0.86gpt gold.

Harmony revealed that a good portion of this interval went right through the proposed lift 3 area through a diagram in a recent quarterly presentation.

The intersection ended deeper down than this targeted lift 3 area too, indicating there is more deep exploration potential to test in the future.

As for drilling in and around the lift 1 area, Harmony said higher grades extended north outside of its current design.

This lifts the margin per tonne of this block compared to the prefeasibility study estimate, Harmony said.

Unveiled in late August, the Golpu prefeasibility study was for a \$US4.8 billion two-lift block cave operation that produces an average of 400,000ozpa gold and 250,000tpa copper in the first 15 years of the 26-year mine life with first production in 2019.

But the PFS estimated a 30 year-plus life and production of 580,000ozpa gold and 300,000tpa copper under the expanded three-lift scenario.

These underground plans are not the full story either, as the associated Wafi copper-gold deposit is within open cut minable depths with a concept study still ongoing.



Drilling at the Wafi prospect in PNG's Morobe Province. Image courtesy of Harmony Gold.



Image courtesy of Harmony in a Feb 2013 presentation.

### Failed offer for PNG projects

Blair Price  
Wednesday, 6 February 2013

AN UNDISCLOSED private equity group has made a low-ball \$A13 million cash offer for three Papua New Guinea copper-gold projects shared by Barrick and explorer Coppermoly.

The offer came after Barrick signalled it wanted to divest the 72% stakes of the Nakru, Simuku and Taleumas projects it earned from Coppermoly (28%) last year.

The cash offer for the projects in PNG's West New Britain Island was below the \$22.4 million Barrick spent in exploration licences and was too small for Coppermoly.



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Deputy Chairman: Sir Frederick Reiher  
Directors: Sir James Tjoeng, Mr Simon Foo, Sir Noel Levi, Luke Minjukili, Capt. Leslie Heyward.

**WATER PNG**

Chairman: Bill Sweet  
Deputy Chairman: Peter Pokawin  
Directors: Joseph Karap, Seseka Korona, Jack Baru

**TELIKOM PNG**

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**Failed offer for PNG projects (Cont)**

"After discussions between the full board of Coppermoly Limited and the senior representatives of the party that made the offer, the board considered that the offer was not in the best interests of Coppermoly shareholders and the parties mutually decided not to continue the negotiations and the offer was withdrawn," the explorer announced.

Coppermoly flagged the possibility it could buy back Barrick's stakes in the projects last year and it appointed Odyssey Capital Partners as an advisor for this purpose in September.

The conceptual mining study results for the Nakru-1 copper-gold deposit were unveiled in that month which estimated a net present value of \$US291 million based on a copper price of \$3.34 a pound, plus other factors such as royalties, tax and mill recovery estimates.

Open cut mining of Nakru-1 was anticipated to produce 19,200 tonnes of copper per year.

With a forecast eight-year mine life, the study assumed there could be a return on investment within two years.

Coppermoly shares closed up 10% to 4.4c yesterday.

[Click here to read the rest of today's news stories](#)

## Business Advantage PNG

YOUR GATEWAY TO PAPUA NEW GUINEA AND THE REGION

**PNG BUSINESS UPDATE**

**February 6, 2013**

### A new kind of media for PNG and the region

We bring you an extract from the [businessadvantagepng.com](http://businessadvantagepng.com), the first news and information service to focus exclusively on business and investment in Papua New Guinea (PNG) and the region.

Over the past decade, global interest in PNG's economy has grown significantly, as it has delivered year after year of impressive growth. PNG is now on the map, and rightly so.

However, reliable information on, and analysis of, business in PNG and the region has been hard to come by. What are business conditions really like on the ground? What are the challenges of operating in this unique environment and how do successful businesses overcome them? What's really going on beyond the business headlines?

With the launch of this business review portal we aim share with all those with an interest in PNG's economy—whether in PNG or around the world—what we know and what we find out as we research, conduct interviews and discuss doing business in one of the region's fastest-growing economies.

Your opinions, comments and suggestions are [welcome](#). Interested parties can subscribe to this free weekly update [here](#).



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## PNG BUSINESS UPDATE (Cont)

### Feature

#### Will 2013 be the year of broadband in PNG?

Hopes are high in Papua New Guinea's telecommunications industry that internet services are finally about to become more accessible and more affordable.

'Mobile phone usage stands at 27.8% of the population, but internet penetration is only 1.3%, with cost the main issue,' lamented Managing Partner of Deloitte PNG Lutz Heim at the Papua New Guinea Advantage Investment Summit in September 2012. 'At our office in the Port Moresby's CBD, 200 gigabytes a month costs US\$15,000 (31,400 kina), whereas at my home in Australia I pay A\$80 (US\$83 or 175 kina) for 500 gigabytes.'

The main reason for these wild discrepancies is that, while the mobile phone sector in PNG has benefited from deregulation, internet thus far has not. As a result, Telikom PNG has retained an effective monopoly on international access, leaving it free to charge whatever it pleases to local internet service providers (ISPs) and its own customers.

#### Prices down, speeds up

This is finally changing, though, and a dozen ISPs have now applied for their own Individual Network (Gateway Service) Licenses. With competition imminent, there is also pressure on Telikom to reduce its own prices:

'It's our absolute priority to get prices down and speeds up this year,' newly-appointed Chairman of Telikom PNG, Mahesh Patel, told *Business Advantage PNG* last week.

If deregulation alone can bring prices down, significantly improving speeds will require tangible capital expenditure, however.

'Even though most customers can use wireless internet services, you still need fibre in the towns and fibre between the towns,' explains John Mangos, Chief Executive Officer of telecommunications company Digicel PNG.

#### National transmission network

In recognition of this, PNG's new Government announced a major project to upgrade PNG's telecommunications backbone shortly after taking office last year. At a cost of 500 million kina (US\$239 million), the National Transmission Network (NTN) 'is essentially an integrated optical fibre network, to be controlled by a new company called PNG DataCo Limited,' according to Thomas Abe, Managing Director of the Independent Public Business Corporation, the government agency responsible for its implementation.

DataCo will own and operate the network as a wholesale provider of telecommunications, with Telikom PNG to be restructured into a retail-focused service provider.

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## National transmission network (Cont)

'The aim with the network plan is to avoid duplication of backbone network transmission and to allow retail service providers to concentrate on services to the people rather than building and maintaining expensive backbone networks,' says Sundar Ramamurthy, a consultant on the project (and original founder of IT services company DataNets, now owned by Digicel). 'Consumers should see the benefits of lower prices and better access by mid-2014, although everyone should keep in mind that rolling fibre across PNG does pose a non-trivial engineering challenge.'

Indeed, the first stage of the NTN, a new fibre-optic link from Madang to Lae, does not appear to have made much impact so far, in Lae at least: 'I believe there have been technical issues and our members are frustrated,' reports Alan McLay, President of Lae Chamber of Commerce and Industry.

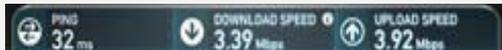
## Unstoppable momentum

Nonetheless, the process does seem to have gained unstoppable momentum and Digicel's John Mangos is convinced broadband's time has finally come in PNG:

'We think that in the next twelve months there'll be quite a boom in broadband, quite a boom in business connectivity. If the Government wants to get a million people on broadband over the next two years, then we can help them achieve it.'

Given the leading role played by Digicel in the exponential growth of PNG's mobile phone sector over the past five years, few would disagree.

What's your broadband speed?



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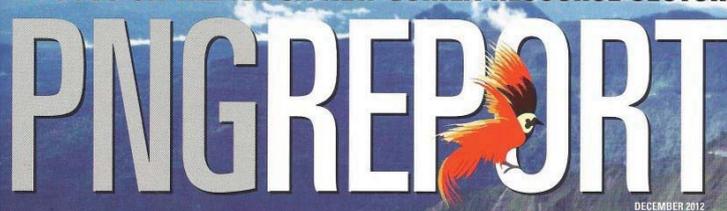
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Contains valuable information on -

LNG Project Overview  
Nautilus Minerals – what happened?  
OK Tedi extension  
Wafi Golpu  
Much More

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**AusAID**  
will  
provide assistance  
to  
Tsunami Victims

## **AusAID media release: Solomon Islands disaster relief**

Foreign Minister Bob Carr today announced Australia will assist with delivery of emergency food and medical supplies and conduct aerial reconnaissance of disaster-affected areas in the Solomon Islands following the magnitude 8 earthquake and tsunami on February 6.

Senator Carr will also visit the Solomon Islands this Sunday (February 10) for talks on progress of the recovery effort.

'This has been a devastating experience for the people of low-lying communities in Temotu Province,' Senator Carr said.

'Six villages were inundated and at least nine people killed.

'Many more are reported missing and our thoughts are with their friends and families as they search for their loved ones in the inundated areas.

'The Solomon Islands Government has requested assistance in delivering emergency aid. I'm proud we've been able to meet this request by supporting urgent supplies of medicines, food and logistical support.'

Australia's initial aid contribution comprises:

-\$50,000 to the Solomon Islands National Disaster Management Office for aircraft fuel and logistical support;

-\$250,000 to the Solomon Islands Red Cross; and -Aerial reconnaissance by a Royal Australian Air Force C-130J Hercules, which departed Australia on February 7 to assist in directing relief efforts.

With Australian assistance, a Solomon Islands patrol boat also left Honiara yesterday (February 7) carrying medical supplies, tarpaulins, jerry cans, water and rice for affected communities.

The Solomon Islands National Disaster Management Office estimates that 3,500 people have been affected by the earthquake and tsunami. Early reports suggest Lata airport, wharf and six surrounding villages were inundated when a one metre high wave struck the coast on February 6.

Media enquiries

Minister's office: (02) 6277 7500

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