

LAE CHAMBER OF COMMERCE INC.

WEEKLY NEWS UPDATE

VOLUME: 22 - 13

FROM THE PRESIDENTS DESK

SCHOOL BRAWL

The battle between Bugandi and Lae Provincial High Schools this week was an incident that shocked Lae and resulted in 2 deaths. This is not an isolated incident but the stand-off between the two schools resulted in the intervention of the Police and the shocking results.

The brawl between the schools took place with no consideration to the public – nor to the school children in the adjoining TISOL school. You are all aware that the LCCI is conducting a survey into the future of International Education in Lae, and any likelihood of a repeat of this incident could have an adverse effect on the outcome and sentiments from a company and individual perspective.

This incident and others seem to be related to cults that have developed in some of the National High Schools, which have given rise to inter-school brawling and deaths over a number of years. The schools staff and administration seem to be powerless to stop this nonsense and it is intensifying.

One of the problems is that the students have plenty of idle time and so the cults now take up a large proportion of their spare time. In the past SPORT was played with much vigour in the schools and rivalry between schools was keen and intense by the sports participants and the spectators alike. Now the sporting activities do not take place to anywhere like the same degree - whether this is because of a lack of drive from the students and the teachers, or both, is unknown.

One of the problems that I see is that certain areas of land that were once available for sporting activities have been hived off for other purposes, mostly in spurious land deals. Hence there are fewer places for sporting activities to be held. The recent census revealed that Lae has more than doubled in population in the past 13 years and plans should be made to increase the recreation parks and playgrounds in the City – not sell them off.

The Governor has promised that he will investigate the bogus land deals that have taken place over the past decade. The LCCI has already urged the Provincial Government to look into land deals and we will continue to push this investigation along – that is if it is not too late!!!



31 May 2013

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Lae Chamber of Commerce Inc. 2012 **EXECUTIVE COUNCIL**

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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;



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WORLD ENVIRONMENT DAY

The Lae Urban Local Level Government has advised that they will be conducting a clean-a-thon to commemorate the World Environment Day on 5th June 2013.

Therefore they would like all business houses to promote the need to clean up their own backyard, as well as those of their employees, to ensure a clean and safe environment from which to operate.

"Together we can help keep Lae City a clean and healthy place to live and work."

For further information contact Mr. Dominic Nimbi on Mobile 72748303.

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 - Cairns Harbour Lights (Apartments) 0
 - Novotel Cairns Oasis Resort 0
 - Mercure Cairns Harbourside 0
 - 0 Ibis Styles Cairns Colonial Club
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 - Pullman Sea Temple Palm Cove Resort and Spa 0
 - M Gallery Reef House Boutique Resort and Spa 0
 - Novotel Palm Cove 0 Grand Mercure Palm Cove
 - 0
- Port Douglas

• Pullman Sea Temple Port Douglas Resort and Spa

If you wish to book at any of these hotels, contact the Lae Chamber of Commerce for an introduction.

PNG ENGINEERING MAGAZINE

This new magazine has just arrived for you to collect from the LCCI Office. There are some extremely interesting articles included in this first edition on PNG Ports, Ramu Nickel Mine, Road Construction and Infrastructure in general but by far the most interesting is a series of articles on Electricity – with some very revealing facts.

Collect your copy of this magazine from the LCCI Office or contact Jenna on 472 2340 and book a copy for you. Get in early as the number on hand are limited.



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Business Advantage article of the week!

More stories on the Business Advantage Website.

Business Advantage

Business Advantage PNG YOUR GATEWAY TO PAPUA NEW GUINEA AND THE REGION

New power plants for Moresby and Lae to be privately built

29 May 2013 by Business Advantage

State utility PNG Power has been authorised to start negotiations with Hong Kongbased liquefied gas and power company, Energy World Corporation, to build a new 30MW-to-80MW diesel and gas-fuelled power plant in Port Moresby.



PNG Forest Products' power plant in Morobe Province. Credit: PNGFP

Negotiations were announced by Public Enterprises Minister Ben Micah last week in National Parliament. According to John Tangit, Acting Chief Executive Officer of PNG Power, approval of the deal is subject to a 'due diligence checklist' which will involve inspection of some of Energy World's other power installations around the world.

Energy World taking over PNG Power's existing Moitaka Plant is not currently a subject of negotiation, as some reports have suggested.

Tangit also told *Business Advantage PNG* that any final deal is likely to be between Energy World and the Independent Public Business Corporation, rather than with PNG Power.



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'We want to avoid a conflict of interest and be free to negotiate a good price,' he said.

Meanwhile, the bidding process to find a private company to build and run a similar 30MW-to-50MW power plant for Lae ends on 31 May.

The Moresby and Lae bids follow recent smaller power purchase agreements with plants built and run by <u>PNG Forest Products</u> <u>Limited</u> and New Britain Palm Oil Limited (NBPOL).

At the same time, PNG Power has confirmed that a long-standing deal with Korean-owned Hanjung Power Ltd, whose Kanudi diesel power station has been selling electricity to PNG Power in Port Moresby since 1999, is being re-negotiated.

Papua New Guinea turns to the private sector for electricity

29 May 2013 by Business Advantage

Power outages may become a thing of the past, with Papua New Guinea's power generation capacity set to double in coming years, largely due to increased investment from the private sector. *Business Advantage PNG* surveys the wave of new and potential developments set to transform the sector.



Hydropower accounts for around 45% of all PNG electricity generation. Credit: PNG Tourism Promotion Authority

As reported by *Business Advantage PNG* this week, state utility PNG Power is negotiating with Hong Kong-based power company, Energy World Corporation, to build a new power plant in Port Moresby, with a second private power provider being sought for Lae.

These two larger projects indicate clearly the PNG Government is determined to use Independent Power Producers (IPPs) to supply part of its future energy needs, as flagged by PNG's Prime Minister Peter O'Neill at the April Australia–PNG Business Forum.

'IPPs are the model we'd like to see going forward, where the investor has agreed a price to sell power to the grid,' Thomas Webster, Chairman of the Independent Public Business Corporation told *Business Advantage PNG* back in April.

Benefits all round

Public-private power deals are not without precedent in PNG. A plant run by Korea's Hanjung Power Ltd has been selling electricity to PNG Power in Port Moresby since 1999 (in a deal currently being re-negotiated).

There are clearly benefits to both seller and buyer under such arrangements, if NBPOL's power project in West New Britain is any measure.

Under a contract with PNG Power, NBPOL has been using methane derived from the processing of waste water in two of its palm oil mills to generate power both for its own use and for the town of Kimbe.

Still available PAPUA NEW GUINEA INDUSTRY REVIEW magazine

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Why PNG needs independent power producers

- Total installed capacity in PNG right now is around 500 MW, yet average peak demands for power in PNG are scheduled to grow to over 1500 MW by 2030, as presented in the Government's *Strategic Development Plan 2010-2030*.
- Yet PNG Power is struggling even to meet the current needs of power users, in a country where only 13% of the population has access to mains power.
- This is in spite PNG Power investing K692 million (US\$ 313 million) over the past five years and having a K476 million (US\$215 million) debt facility for further investment.
- Power supplies in PNG are sufficiently unreliable for every business of any size to need its own power generation capability. Many major mineral and agribusiness projects exist completely off-grid.
- Under current regulations, PNG Power has the exclusive right to sell electricity within 10km of 25 designated centres nationwide, leaving space for a private energy sector also to develop beyond these population areas.

NBPOL's General Manager in West New Britain, Harry Brock, told *Business Advantage PNG* that the two plants were supplying 1.5MW of power—ranging from 40% to 60% of Kimbe's current power needs—and that the company had plans to build two more 1MW plants—attached to its remaining mills—over the next three-to-six years.

'We're selling biogas electricity to PNG Power for about half the cost of diesel-generated power,' he says. 'It's part and parcel of our company-wide commitment to sustainability [link]. It's been a huge game changer for everyone here.'

Oil change

Buying oil to fuel PNG's Power's power stations soaked up K140 million—a massive 40% of PNG Power's entire budget in 2012, according to John Tangit, Acting CEO of PNG Power. Indeed, the state-owned utility this month increased its power tariffs by 5.5% due to rising fuel costs. Clearly, reliance on imported oil fuel for power generation is going to be problematic in the future.

'Our long-term aim is to convert some of the gas that we've got into generating power for the country,' Peter O'Neill told the April 2013 Australia–PNG Business Forum.

Estimates suggest replacing diesel with gas could halve PNG Power's annual fuel bill.

There's no shortage of gas in PNG, of course, subject to a deal being cut with either the ExxonMobil-run PNG LNG project or a second LNG project. (Peter Graham, CEO of Esso Highlands, has confirmed that a flange has been put in place to allow the PNG LNG project to provide off-take gas for power generation if an agreement is reached.

While the two new plants in Port Moresby and Lae will initially use diesel, the plan is for both to diversity their fuel sources, with Port Moresby's plant using gas and Lae's using some form of biomass.

Geothermal power, already used at Newcrest Mining's Lihir gold mine, is also a future power option.

Hydropower, which already meets about 45% of PNG's power needs, will also be a major contributor to PNG's future energy needs. The Yonki 'toe of the dam' project will add 18MW to the Ramu distribution network (that services Lae and Madang) later this year, while a feasibility study is currently under way for a 80MW plant at the convergence of the Naoro and Brown rivers near Port Moresby.

Technical assistance will be provided to PNG Power and the Department of Petroleum and Energy for the Naoro Brown project by the World Bank, as part of its PNG Energy Sector Development Project, which was signed-off today.

Major hydro

PNG has two potentially transformational hydro projects on the drawing board.

"This is a project that will go on for a long time. Given it will go for 100 years, it could be bigger than the PNG LNG project."

The 240MW Ramu 2 project is currently at feasibility stage, with a funding model yet to be announced, but would clearly make a major difference to communities and business along PNG's northern coast.

The biggest of all by far, however, is the 1800 MW Purari River project currently being considered by PNG Energy Developments Ltd (a 50/50 joint venture between PNG Sustainable Development Program and Australia's Origin Energy). Indeed, the project is so large, it could turn PNG into a power exporter, with opportunities to supply northern Australia.

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The project is at a crucial phase, according to Parkop Kurua, Senior Portfolio Manager, IPBC, who oversees the energy sector. The government's powerful Ministerial Economic Committee is currently reviewing the feasibility study, which was completed last December by PNG Energy Development Ltd (PNGEDL), and is now considering how to proceed with the next phase—the scoping and design of the dam project.

This 1800 MW proposal could increase to a massive 10,000 MW, Kurua told *Business Advantage PNG*. The commercial structure will be critical.

'If we don't do the structuring, the commercial arrangement properly, we will miss out. This is a project that will go on for a long time. Given it will go for 100 years, it could be bigger than the LNG project.

'This is a project of national significance. It has the potential to transform the livelihood of Papua New Guineans. If we structure this project properly, we will achieve our dreams.'



Papua New Guinea Advantage investment summit TWO-DAY CONFERENCE, 9 & 10 September 2013 Gateway Hotel, Port Moresby, Papua New Guinea

Registrations have now opened for the 2013 Papua New Guinea Advantage investment summit, to be held at The Gateway Hotel, Port Moresby, on 9 and 10 September 2013.



Following the highly successful <u>2012 event</u>, which was attended by over 300 delegates, the summit will again bring local and international executives together to focus on business and investment opportunities in PNG's economy.

Confirmed speakers include PNG's Prime Minister, the Hon. Peter O'Neill MP, the renowned 'Airport Economist' Tim Harcourt, technology expert Sundar Ramamurthy and local business leaders such as Syd Yates(CEO, Kina Securities), Mahesh Patel (Chairman, Telikom PNG) and Albert Mellam (Vice Chancellor, University of PNG).

The first day will focus on PNG's business and investment climate, with the second devoted to key areas of business opportunity over the coming decade, such as infrastructure, ICT, agribusiness, manufacturing and business services.

The event will again be co-hosted by the <u>Port Moresby Chamber of Commerce and Industry</u> and <u>Business Advantage International</u>.

To download a registration form, click on the red 'Registration Form' button above or click here.



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News

ICC News Alert!



International Chamber of Commerce The world business organization

Experts developing framework for responsible marketing of alcohol

Paris, 30 May 2013

Heeding the call of industry to ensure robust rules are well understood and coherently applied across markets, the ICC Commission on Marketing and Advertising is developing a new global framework for responsible marketing communications of alcohol.

http://www.iccwbo.org/News/Articles/2013/Experts-developing-framework-for-responsible-marketing-of-alcohol/

Saudi Arabia hosts ICC meeting on G20, WTO

Riyadh, 29 May 2013

ICC held a meeting in Riyadh with business representatives from Saudi Arabia to solicit business input for delivery to both the G20 and the World Trade Organization (WTO) ahead of their meetings in Saint Petersburg and Bali later this year.

http://www.iccwbo.org/News/Articles/2013/Saudi-Arabia-hosts-ICC-meeting-on-G20,-WTO/

China membership bolsters Certificates of Origin Accreditation Chain

Paris, 29 May 2013

China has become the latest country to join the International Chamber of Commerce's (ICC) World Chambers Federation (WCF) International Certificates of Origin (CO) Accreditation Chain. China's membership will strengthen the committee's work to promote the role of Chambers in the delivery of trade facilitation services, especially to small- and medium-sized businesses.

http://www.iccwbo.org/News/Articles/2013/China-membership-bolsters-Certificates-of-Origin-Accreditation-Chain/

WSIS Forum: ICC BASIS urges creation of a global information society

Paris, 28 May 2013

Speaking at the WSIS 2013 action lines Forum in Geneva this month, Subramanian Ramadorai, Chair of the International Chamber of Commerce (ICC) Business Action to Support the Information Society (BASIS)initiative and Vice-Chairman of Tata Consultancy Services, highlighted the urgency for achieving greater participation from small and medium-sized enterprises (SMEs) in Internet policy discussion and in the formation of a sustainable information society.

http://www.iccwbo.org/News/Articles/2013/WSIS-Forum-ICC-BASIS-urges-creation-of-a-global-information-society/

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