

### LAE CHAMBER OF COMMERCE INC.

### WEEKLY NEWS UPDATE

VOLUME: 28 - 13

### FROM THE PRESIDENTS DESK

### **NEWSLETTER DISTRIBUTION**

Last week we started sending the newsletters as a link embedded within the primary email. By following this link it took you instantly to our website where you could download our weekly newsletter.

We circulated the newsletter using a newly installed group mail program. We have had to change our method of distribution for all our notices and newsletters, because the list of addressees has grown so large, that some of the servers have been treating the messages as SPAM.

So far we haven't received back any negative comments but we would like to receive your feedback on this system as to whether it is a suitable and easy means of distribution. Of course criticisms are welcome as well as any recommendations.

### LOCAL GOVERNMENT ELECTIONS

The Lae Chamber of Commerce is disappointed over the last minute decision by the Morobe Electoral Office to defer the polling for the Lae Urban Local Level Government elections from Monday to Wednesday this week. The Chamber went out of its way to publicize the Monday polling schedule to our members, with advice that employees should be given sufficient time off to allow them to vote. The Chambers also advised that all employees should consider the candidates carefully when they voted, so that there would be a chance of returning good councillors. Many companies therefore gave employees time off on Monday only to find that the elections were postponed. The fact that the polling was done on Wednesday meant that more time-off was given to workers. All of this meant extra expenses to companies due to loss of work and production.

The 2012 National elections was done in the same manner, with a last minute deferral in polling which resulted in the Chamber making a request to the Provincial Electoral Office to plan better for future elections to avoid such last minute changes. The fact that these two elections deferred the polling due to heavy rain is in our mind not a legitimate reason, as the polling extends over the full day and the rain is unlikely to continue throughout the whole day. The places of polling should be in a sheltered area out of the rain - in existing sheds, classrooms or even under tents. Lae is known for its heavy rain and as both the last National Elections and these current Local Government elections were held in the middle of the rainy season, better planning needs be done so the polling stations are protected from the rain.

The Lae Chamber of Commerce has always assisted the election process in Morobe by keeping the business community aware of the elections, what they are all about, the dates of polling and the companies responsibilities in relation to allowing employees sufficient time off to cast their vote. The problem with last minute deferral of polling makes companies disillusioned with the whole electoral process, as they keep having to give more time off than should be required. Better planning and commitment of the electoral officers is needed.

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### 12 July 2013

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### Index

In this Issue From the Presidents Desk

New method of distribution of the newsletter

Local Government Elections

PNG Industry News

PNG Business Advantage News

ICC News

Alternative Internet/Email facility

Thank you

Lae Chamber of Commerce Inc. 2012 EXECUTIVE COUNCIL

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<u>Jnr Vice President</u> Robert Howden

<u>Treasurer</u> Stephen Beach

### **Councillors**

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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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### ELECTIONS (Cont)

The Local Government Elections are no big deal. They are to elect the councillors to the many Local Level Governments in the country. Most LLG's are actually rural and even with the recent Government promise to provide more funds, they still operate on very small budgets. The idea of the Local Government is to provide for better services to the Local Communities.

The Lae Urban Local Level Government is a little different as it is the largest Local Government in the country – this is with the understanding that Port Moresby is managed under the National District Commission, a hybrid Provincial and Local Government system.

The Lae ULLG has more revenue opportunities than the rural LLG's as it has the capacity to collect revenue from rates and fees in a number of different areas - Land, Garbage, Signs, Buildings, Market etc. From this revenue the Council should provide a wide range of services – road maintenance; street lights, road markings and signs; city planning; parking; foreshore protection; footpaths; etc. As well as these the Council has the responsibility to inspect all new buildings, stores and restaurants, control street signs (so they are not dangerous), collect garbage and maintain the dump. Of course there are many more services that the Lae Council can and do provide but the ones mentioned gives a good indication of what they are supposed to be doing.

The need to have well informed and community responsible councillors is obvious but is this achievable under the current system? Over the past few weeks we have all seen the various platforms from the candidates for the Lord Mayors' and Councillors positions for the Lae Urban LLG. It is obvious that there is little understanding of the Local Government system and what the prime responsibilities are. The fact that there have been so many election related fights and bribery allegation shows that the elections have the aura of being a race between candidates for a position from which they will benefit immensely. The winners are in for a rude shock.

The problem as I see it is that the Lae Urban Local Government should not use the National Electoral Roll, because many of the people registered as voters do not actually pay any rates to the council. The same applies to many of the candidates as they too are eligible to stand if they are on this electoral roll, yet again most do not pay rates to the city.

Hence most of the elected councillors are not ratepayers to the city. **Yet these are the very people who** *make the decisions on spending the money raised from the rates* (which is most of the Council's revenue). There is little wonder why there are never enough funds for all the projects that the council should be doing.

We believe that the Lae Urban Council must have their own electoral roll – based on the city's rate payers and family members – i.e. Land Rates, Garbage rates etc. This would of course incorporate people with houses in the legitimate settlements within the City boundaries such as Haikost and W/Taraka, who would be assessed to pay a form of rate which would guarantee the council gets the important representation from the settlements.

The candidates would indeed need to be on this roll, which would ensure that the elected councillors are ratepayers.

The council should conduct their own elections using this roll made up of ratepayers. The elections could be held at any time set by the Council and would not necessarily run at the same time as other council elections. This would be cheaper and less disruptive to the City and its business activities.

The result should be the election of a set of councilors that truly reflect the stakeholder's needs of the city.



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### InterOil jettisons FLNG option: Correction

Thursday, 11 July 2013

INTEROIL has confirmed that floating LNG commercialisation will not be considered for its Elk-Antelope discoveries in Papua New Guinea, despite the support shown for FLNG by its founder and previous chief executive officer.

In response to a story by *PNGIndustryNews.net* on InterOil founding director and former CEO Phil Mulacek's plans to discuss InterOil's FLNG strategies at the 11th FLNG Asia Pacific Summit in South Korea on October 21, InterOil clarified that FLNG was not on the table.

"FLNG forms no part of InterOil's plans for the commercialisation of its gas resource in Papua New Guinea," an InterOil spokesman told*PNGIndustryNews.net*.

Contrary to what was on the website for the <u>FLNG conference</u>, InterOil said Mulacek would not be speaking at this event.

"Mulacek is a non-executive director of InterOil and does not speak on behalf of InterOil in relation to its strategies," the spokesman said.

While the FLNG summit's schedule correctly listed Mulacek as a founding director, Mulacek told *PNGIndustry*-*News.net* he would not speak on behalf of InterOil at the South Korean conference because he retired as CEO in April.

However, the InterOil founder still views FLNG favourably and said this technology was valid, as proven by Royal Dutch Shell.

"All parties in the future must understand the technical, value and practical applications of FLNG in the LNG business," Mulacek said.

While he viewed that economics should dictate the application of FLNG in the future, he said not all governments supported FLNG "when they really should", in a reference to the Western Australian government's stance against it.

Considerable front-end engineering and design work for a floating LNG plant for InterOil's Gulf LNG project was completed in 2011, with a WorleyParsons-led joint venture studying the topside of the vessel and Samsung Heavy Industries working on its hull aspects.

ExxonMobil remains in exclusive negotiations with InterOil over acquiring at least a 4.6 trillion cubic feet of natural gas slice of Elk-Antelope to underpin a third train expansion of the PNG LNG project it operates.

What InterOil and the PNG government will do with the rest of the field – with GLJ Petroleum Consultant's bestcase estimate at 9.07Tcf of initial recoverable sales gas – is not yet known, although a modular LNG development has long been considered.



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# Business Advantage article of the week!

More stories are available on the Business Advantage Website.

Business Advantage



9 & 10 September 2013 Port Moresby, Papua New Guinea www.pngadvantageconference.com



National Planning Minister Charles Abel

# Business Advantage PNG

# Opinion: National Development Forums provide critical listening post

10 Jul 2013 by Business Advantage Leave a Comment

Paul Barker, the Director of the Institute of National Affairs, reviews the 2013 National Development Forum, which this year focused on revitalising services at the district level across Papua New Guinea.

One of the positive things that has come out of the series of national forums this year has been the active commitment and attendance of the Minister for National Planning, Charles Abel, who gave a very strong address on 12 critical reform areas that the National Government needs to focus upon, including tackling capacity issues, lack of accountability and rationalisation of the public sector.

Four regional forums were held this year—in Vanimo, Popondetta, Rabaul and Mt Hagen. The forums are organised by the Consultative Implementation and Monitoring Council (CIMC), an independent organisation that brings together civil society, private sector and government partners to develop policy, and influence and monitor government decision making.

The Deputy Prime Minister, Leo Dion, also gave a powerful address on the need for co-operation, consultation and public participation and the need for support for government in achieving its objectives this year, deemed the 'year of implementation'. During the forum, there was some suggestion that, as capacity is so weak, particularly in the districts [the local administrative areas below provincial level], it would be more realistic for this year to be the year of 'preparation for implementation' because we're already well into the year and funds are only just being released.

### Ending largesse

Planning Minister Charles Abel emphasised removing responsibility for handling major project funds and implementation from central agencies, including the Planning Department.

'Gone are the days of the Planning Department picking and choosing between different projects, with associated abuses.'

Instead, central agencies would concentrate on developing and coordinating broader sectoral plans and monitoring their impact in meeting the Government's policy objectives. Gone are the days of the Planning Department picking and choosing between different projects, with associated abuses, whilst the duplication of functions (for example, between Planning, Provincial Affairs and PLLSMA and Office of Rural Development) is to be ironed out, with suitable rationalisation or right-sizing.



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### Abuse of funds

Abel highlighted the major abuse of public funds and the wasted opportunities in the past from mechanisms like the National Agricultural Development Plan, where half a billion kina was selectively dished out from what became effectively a slush fund.

It was, he said, a big missed opportunity to actually strengthen the capacity and the service delivery in the provinces in agriculture, but similar waste is occurring in other fields.

There was general consensus in the forums that governance and accountability were very weak, and these need to be strengthened substantially.

*"The districts have been allowed to deteriorate for such a long time, that to actually attract staff to return there will be tough ...'* 

This includes restoring clear standards and discipline, whether in the education system or the public service and, for example, greater support and authority for the watchdogs, including the Auditor-General, to oversee and apply penalties.

There is also a need to empower local communities for social auditing, if the country and those communities are going to get some bangs for the country's increased buck.

#### **District development**

The Minister for National Planning was also strong on getting national government staff out into the districts, but that's easier said than done.

The districts have been allowed to deteriorate for such a long time that attracting staff there will be tough, unless one builds up local infrastructure and services incrementally—schools, health services, telecommunications—and then maintains them.

The private sector has played a big part of late in making it more attractive to live in the regions, by installing mobile phone towers to improve telecommunications (which has led to mobile banking, for example), but there will need to be a fair amount of effort by the National Government to make it attractive for public sector workers to move out there.

There was much discussion about strengthening collaboration with the churches and civil society, which provide many of the essential services, especially in more remote areas.

But the Government also needs to partner with the private sector to open up opportunities for businesses and local services in the districts.

#### Land reforms

Participants also discussed overdue reforms to land administration to empower customary landowners to safeguard and utilise their own land, through the establishment of properly constituted incorporated land groups.

It was agreed that it will take considerable work to rectify accumulated land abuses, which can't be achieved overnight, but the first steps have been taken.

There was emphasise on the need to safeguard and develop the agriculture sector to provide broad-based opportunities, but that this would require investment in suitable transport and marketing infrastructure.

"... with crime and safety remaining one of the major impediments to sustainable economic and social development in the country. Active community support, the forums agreed, was critical."

Government would also need to address pests and diseases which threatened livelihoods and the whole local economy, and be prepared to provide targeted inputs, including freight subsidies and properly coordinated, rather than simply local ad hoc price support. This is particularly important now, when prices have fallen severely, jeopardising rural livelihoods.

### Local empowerment

On the theme of local empowerment, the forum gave emphasis to PNG honouring its national and international obligations, and enabling its entire population to use their skills and talents to actively contribute and participate in the country's development. This means including women and youth, the so-called disabled, where necessary providing suitable social protection to the most marginalised.

Active measures to strengthen the capacity, performance and accountability of the police and other institutions to address crime and violence were discussed and proposed, with crime and safety remaining one of the major impediments to sustainable economic and social development in the country. Active community support, the forums agreed, was critical.'



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Unfortunately we have been forced to increase the rates from the 2<sup>nd</sup> August 2013 to K95 per insert. This is due to the cost and unreliability of the internet as well as the measures that we have had to take to get the publication to you as quickly and to the best standard that we can.

There will be no change to the prepaid long term advertisements, until the payment expires, after which the new rate will apply.

Unfortunately these rates are due to circumstances beyond our control.

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### **PUBLICATIONS**

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ICC Guide to the Uniform Rules for Bank Payment Obligations Price: 65 Euros without tax Format: Paperback View online

## SMEs face significant financing gap, ICC tells high-level WTO Aid-for-Trade review Geneva, 11 July 2013

Speaking at the World Trade Organization Annual Aid-for-Trade Review yesterday, ICC Banking Commission Senior Policy Manager Thierry Senechal said that trade finance intermediation is crucial today as it provides real-time risk mitigation, while improving liquidity and cash flow of the trading parties. It also gives localized small- and medium-sized enterprises (SMEs) much needed access to credit and working capital to finance exports and imports. http://www.iccwbo.org/News/Articles/2013/SMEs-face-significant-financing-gap.-ICC-tells-high-level-WTO-Aid-for-Trade-review/

### ICC issues taxation handbook Paris, 10 July 2013

The ICC Commission on Taxation has released a handbook to help taxation professionals keep pace with the latest developments in the world of international taxation. http://www.iccwbo.org/News/Articles/2013/ICC-issues-taxation-handbook/





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