

LAE CHAMBER OF COMMERCE INC.

WEEKLY NEWS UPDATE

2 August 2013

VOLUME: 31 - 13

LAE CHAMBER OF COMMERCE INC.

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sent the letter

Thank you

FROM THE PRESIDENTS DESK

Police to PNG

The article on a pledge by Australian Prime Minister Kevin Rudd to send 50 Police to Lae is highlighted in the BUSINESS ADVANTAGE story of the week featured later on in the newsletter.

This week I met the Deputy Police Commissioner Simon Kauba, who was in Lae to meet with the Lae and Momase Police Command, to work out the logistics and functions of the promised Australian Police. Of course there will be the obvious concern over suitable housing and the security of these Police personnel. Mr. Kauba said that his main objective however was to look at the most needy positions into which these added Police could be placed so as to obtain the maximum benefit.

Of course Lae are destined to receive some of the Queensland Police Officers, as promised by the Queensland Premier Campbell Newman and highlighted in the National Newspaper today.

Mr. Kauba added that the Australian Police will be most welcome by the Constabulary, as they will be able to use their skills and ability to train the RPNGC Officers as well as relieve the burden on the current under strength Officers of being overwhelmed with too many responsibilities. Most of the Australian Police personnel will be used in mentoring and advisory roles.

Law and Order

The Metropolitan Police Commander Iven Lakatani in an article in today's National, has warned vehicle owners in Lae – *"...to avoid unfamiliar spots and take extra precautions when travelling around the Lae City during odd hours."*

Mr. Lakatani made this statement following the shooting of the Manager of a security company at Bumayong on the outskirts of the city, on Wednesday.

This incident nearly re-ignited the simmering ethnic clash between Morobeans and the Hagen settlers in the back road area of Bumayong. Maybe with the arrival of the Australian Police Officers, the regular Police will have a chance to clean up the ethnic situation, so as to prevent future clashes, which at the moment seem to flare up every time there is a problem in the area, whether it is crime related or otherwise.

Reports from our members reveal that there is a substantial amount of crime in Lae at the moment. Whilst the incident that Mr. Lakatani mentioned tends to be more of a specific one off occurrence, carjacking is a real problem at the moment. Vehicles have been stolen from premises, whilst picking up or dropping off staff or by blocking roads. As suggested extra precautions must be taken, especially when travelling into areas that are less safe, where there are road works or where traffic is forced to slow down due to potholes. Be sure that you lock all doors when driving and try to keep the windows wound up.

Whilst there are still numerous armed robberies from stores, there does not seem to be a noticeable increase. However all shop owners must be aware of the danger that armed robberies pose and they must take all precautions necessary to protect their premises, their goods and the shoppers.



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- 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;
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Business Advantage PNG

YOUR GATEWAY TO PAPUA NEW GUINEA AND THE REGION

Australia will send police to Papua New Guinea and make it easier for Papua New Guinean visitors

17 Jul 2013 by [Business Advantage](#) 2 Comments

Australia will send up to 50 police officers to Papua New Guinea by the end of the year to help tackle the country's growing law and order problem. The deal is one of a series of agreements arising from the 21-hour visit to Papua New Guinea this week by Australia's Prime Minister, Kevin Rudd, to meet his PNG counterpart, Peter O'Neill.



Australian Prime Minister Kevin Rudd

'Recognising the importance of law and order to PNG's economic prosperity, we have agreed importantly that by year's end Australia will deploy 50 police in visible policing roles in Port Moresby and Lae,' Rudd said.

This deployment is in addition to the exchange of up to 150 officers, arranged with the Queensland State government, he said.

Australia's Trade Minister Richard Marles said talks have also focused on the wider issue of establishing a Pacific economic bloc.

'We will be talking about the PACER Plus negotiations which are going on in the region, and offer an opportunity to really build,' he told Radio Australia.

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**Business Advantage
articles of the week!**

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[Business Advantage](#)



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Australian Police (Cont)

If we can get those negotiations going, an economic community throughout the Pacific which would include Australia and PNG.'

There was no firm agreement on the issue of asylum seekers, but both leaders said they were working through a United Nations' report that heavily criticised the Australian-run asylum seeker processing centre at Manus Island in PNG.

'There will be in the future more illegal immigrants and refugees and asylum seekers who will continue to come into this part of region,' O'Neill said.

'That is why we need to establish a permanent regional processing centre.'

Other key points to come out of the visit:

- Both governments agreed to bring forward design and scoping work for the Ramu-Madang Highway;
- The scoping and design work for the lower courthouse complex in Port Moresby will be sped up;
- New dedicated passenger lane arrangements for Papua New Guinean citizens will be put in place at Brisbane and Cairns airports from 1 September, to streamline the arrivals process. PNG citizens will use the same processing lanes as holders of Australian and New Zealand passports.
- An additional AUD\$160 million for health over four years to 2016. This will go in part to buy medical supplies at 2,700 health facilities. It will also support the rehabilitation of rural and remote health facilities in Western Highlands, Eastern Highlands, Milne Bay, Western Province, and Bougainville, as well as the refurbishment and expansion of training schools and colleges for nurses, midwives and other health workers.

Moody's cuts Newcrest Mining rating

31 Jul 2013 by [Business Advantage](#)



The ratings agency Moody's has cut Newcrest Mining Ltd's credit rating, declaring its outlook as negative, after the gold miner announced a AUD\$6 billion (K12.6 billion) asset write downs in June.

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As well as this you will see that many companies have linked their website to the LCCI website. The benefit of this is that potential clients may just hook up after seeing your business when browsing our Website. If of course you run an advertisement on the same page, the potential customer may see exactly what he or she is seeking to find.

Click here to - [Contact the LCCI Website to find out how!](#)

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Whilst we do run regular paid advertisements in the newsletter, we have a standard offer to Profile your business, as a one off opportunity – free of charge deal. All we need is for you to put together information on your business, what it does and the main contacts. This can be up to one page in size with limited graphics. Send it electronically to the Chamber and we will include it in the next newsletter publication **Free of Charge**.

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Newcrest Mining rating (Cont)

Moody's said its downgrade—from Baa2 to Baa3—affected about AUD\$2 billion (K4.2 billion) in debt securities. 'The downgrade to Baa3 primarily reflects our expectation for weaker operating and financial metrics over the next two to three years, following a series of production disappointments, future guidance reductions and rising cash costs,' Moody's senior analyst Matthew Moore said.

The rating outlook could revert to stable if Newcrest completes these initiatives and its financial metrics improve to levels that are consistent with its Baa3 rating on a sustainable basis.

Moody's said Newcrest's rating could also be downgraded if the company was unable to reduce costs to a level where it would be cashflow neutral or positive given current gold prices.

Production costs

Last week, Newcrest announced in its quarterly report it expected lower production in the September quarter, after a strong lift in gold and copper output in the June quarter.

It reported however, that annual production to June 2014 would be 2–2.3 million ounces, compared to 2.11 million ounces in the year to June 2013.

It noted that production costs were US\$1,283 (K2,592) an ounce.

Gold is currently trading at around US\$1300 (K2,991) an ounce.



Essential PNG Industry News

Horizon taps market Thursday, 1 August 2013

HORIZON Oil plans to raise \$A53.5 million through a fully underwritten share offer as Osaka Gas faces red tape delays to making its first payment under their new partnership in Papua New Guinea.

The offer made yesterday is over the issue of 162 million ordinary shares at 33c each – almost an 11% discount to the previous day's close.

Fully underwritten by UBS AG, the funds will be used for Horizon's near-term exploration and development program.

As part of an estimated \$US500m, milestone-linked deal to acquire 40% of Horizon's PNG acreage, Osaka will make an initial payment of \$74m.

However, the transaction is subject to Horizon receiving its long-awaited petroleum development licence from the PNG government for the wet-gas Stanley field licence PRL 4, along with customary consents.

"No material issues have been raised with regard to grant of the Stanley PDL or obtaining of other consents, however timing is uncertain and beyond the control of Horizon Oil," the oil producer said.

The retail component of the offer is only available to Horizon's eligible Australia and New Zealand-based shareholders and is open from August 9-23.

Trading of the new shares is expected on August 15 for the institutional tranche and on September 3 for the retail tranche.

Shares in the New Zealand and China crude oil producer closed at 37c on Tuesday and were in a trading halt yesterday.

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PNG's pivotal LNG role for ExxonMobil - Wednesday, 31 July 2013

EXXONMOBIL appears to be banking on Papua New Guinea as a cornerstone of its Asia-Pacific LNG export strategy.

With the PNG LNG project 90% complete and first exports anticipated by mid-2014, ExxonMobil's PNG horizons have expanded considerably as it mulls the best gas option for a third train.

A commitment is likely by the end of this year, or possibly the first quarter of 2014.

The ExxonMobil propensity to surprise the PNG public first came with its announcement it was in talks with InterOil for possible purchase of 4.6 trillion cubic feet of gas from the Elk and Antelope fields in Gulf Province as potential feed for the third train at the LNG plant near Port Moresby.

At least one key player was not too happy at the news.

Petroleum Minister William Duma, in a couple of interviews, one of them with Radio New Zealand, said he was not in favour of an ExxonMobil deal with InterOil because it would give the global multinational too much power in the PNG gas industry.

Duma was previously known to support the participation of Shell and the national government's Petromin as partners with InterOil but a government statement indicated Prime Minister Peter O'Neill personally favoured the involvement of ExxonMobil.

While there is little doubt at this stage that Elk and Antelope will feed the third LNG train operated by ExxonMobil, the door has been left open for InterOil to use the remaining gas to build a stand-alone LNG plant in Gulf.

From a national and strategic point of view Elk and Antelope make a lot of sense as add-ons to the PNG LNG project.

Wherever the gas source, the third train has always been viewed as an expansion that would be highly profitable given the use of existing infrastructure.

It is even more so in the case of InterOil-owned gas, given its close proximity to the LNG gas pipeline.

The PNG LNG project had always targeted a supply gap in world LNG markets and a speedy expansion would be exquisitely timed, given the uncertainties being generated by shale gas in the US and recent approvals for two LNG export projects from the US.

Given the slowing down in world economic growth and the burgeoning oil and gas production from the US, there is every possibility world export prices of these commodities are about to fall.

And even if oil prices manage to stay firm, as many analysts appear to believe, gas is already under pressure from US LNG pricing linked to its Henry Hub and the clear pressure starting with Japan to delink LNG from oil prices.

What ExxonMobil is doing is putting PNG in the box seat, not just for the third and possibly fourth trains. Its dynamic think tank in Houston could well be contemplating the medium-term potential for a fifth train, for which there is already enough room near Port Moresby – as well as the possibility of a second LNG project.



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Continued article -
**PNGIndustry-
News**

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ExxonMobil (Cont)

PPL269 was purchased from Australia-listed New Guinea Energy subsidiary Kirkland, in contrast to a previous deal in which ExxonMobil and its key LNG partner Oil Search had jointly purchased another property held by NGE.

With one foot in the door in InterOil's Gulf Province gas fields, ExxonMobil will find itself a partner with Canadian Talisman in PPL269.

Talisman has for some years been talking up its goal of becoming PNG's third LNG producer by bringing together a number of stranded fields in Western province.

With its entry into PPL269 ExxonMobil has suddenly made P'nyang much more suited for a separate LNG venture linked to other Talisman-connected gas fields such as Elevala, Ketu and Stanley.


The fields have much better proximity than the current gas pipeline that goes from Hides and Kutubu to the PNG LNG project plant site near Port Moresby.

To some observers it may appear like far-fetched speculation, except that Esso Highlands managing director Peter Graham was today quoted in *The National* newspaper as saying that ExxonMobil would be looking at other LNG prospects in the coming decade.

That makes it sound like a second LNG project could be in the offing.

The National quoted him as saying more work needed to be done at P'nyang – some more seismic is being shot there – while Juha and Angore were part of the foundation project at Hides that would be developed as and when they were needed.

"Juha is scheduled to come on about 10 years after start-up," Graham noted.



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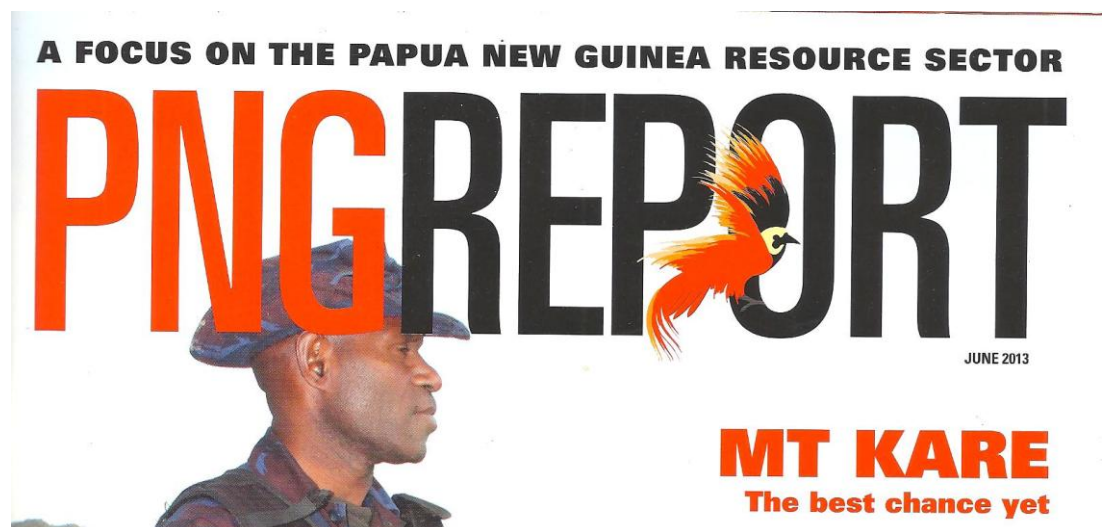
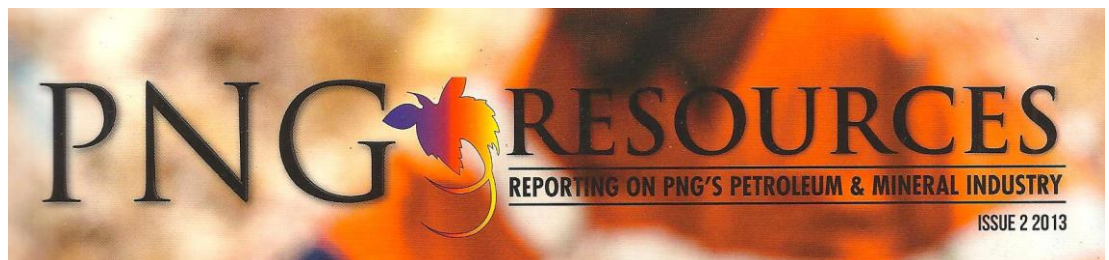
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The earnings that are generated from the potted plants hire, rentals and purchase goes towards:

- Maintenance of the nursery facility;
- Student academic achievement prizes;
- Student research oriented activities;
- And other department related needs.



As mentioned last week, the first Airmail letter that was sent from the Lae Post Office on 31st July 1934, was returned, mounted in a beautiful framed plaque.

A small ceremony took place in the Lae Post Office on Tuesday 31st July 2013, 79 years after it had been sent.

The University Forestry Department will spend any earnings they receive from the pot plant business for the maintenance of the nursery facility, student academic achievement prizes, student research oriented activities and other department operation needs.

HISTORIC MOMENTO

First Air Mail Letter from Lae Post Office – 30th July 1934

On Tuesday 30th July 2013, a small ceremony was held at the Lae Post Office at 3 PM, to hang a framed letter, which was the first Air Mail letter sent from the then Lae Post Office on 30th July 1934.

The ceremony was attended by the Chairman of Post PNG Mr. Reuben Aila, the Momase Regional Post Manager Peter Rei, the Post Mistress Lae Post Office Joyce Miring, Chambers members and all the Post Office Staff. Post PNG treated the occasion as a most meritorious occasion, and even wanted the letter to be hung in their new Philatelic Museum in Port Moresby. The Post PNG Staff looked very smart in their uniforms.

This letter was sent by Hugh McMillan Lyon, Lae's then Post Master and employee of Guinea

ADVERTISING IN THE NEWS- LETTER

The advertisements that appear in this newsletter have for a long time been at the phenomenal rate of K75 per issue. We have been encouraged to increase the rate for some time now but we have kept it as budget priced as possible, in an effort to provide a cheap means of promoting our members businesses.

Unfortunately we have been forced to increase the rates from the today 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 pre-paid long term advertisements, until the payment expires, after which the new rate will apply.

Unfortunately these rates are due to circumstances beyond our control.

Airways Ltd to his mother in Sydney, Australia on 30th July 1934. The letter arrived safely on 2nd August 1934.

The letter has been kept by the Lyon Family for the past 74 years. The envelope has been signed by the crew of the plane "Faith of Australia" – Chris Ulm, Scotty Allen, R.N. Boulton and Danny Young. Chris Ulm had gained fame as co-pilot to Sir. Charles Kingsford Smith on the epic trip from California to Brisbane in 1928.

Hugh Lyon arrived in PNG in June 1931 and in July 1934 he succeeded C.J. Martin as Lae's unofficial Postmaster of the Post Office, which was operated on an agency basis by Guinea Airways.

The plaque holding the original envelope set in a frame was made up by Cliff Harvey a long time friend of Lyon family and he brought it to PNG. It was a dying wish of Hugh Lyon that the letter be returned to the Lae Post Office and that it be commemorated by being hung of the wall of the new Lae Post Office.

HUGH LYON

Was born in Glasgow Scotland in 1907 and when he was 7 years old he moved to Sydney Australia with his mother. In 1931 he took up a position with Guinea Airways Ltd, based in Lae. Part of his duties was to run the Lae Post Office.

Lyon left Guinea Airways in 1936 to go Gold mining. After the declaration of WWII in 1938 Hugh joined the New Guinea Voluntary Rifles in Lae, and then went to Sydney to join up with the AIF. He returned to NG where he was stationed at Bulolo with a troop of NGVR. When the Japanese took Salamaua, Hugh was ordered to fly by Tiger Moth to Lae which was a "Hot Trip" with Zero's flying everywhere. He ordered everyone out of Lae, sabotaged petrol dumps at Voco Point and bridges on road to Yalu and then escaped on foot to Wau after being bombed at Yalu by the Japanese aircraft, which blew out the eardrums of a few of his companions. Out of Wau he and his men became a guerrilla force and had many skirmishes with Japanese troops.

In June 1945 Lyons returned to Rabaul as a Major and 2IC administering the takeover from the Japanese, until Australia demobbed in April 1946. He returned to Rabaul in May 1946 as a civilian under the Department of Territories setting up the supplies and food distribution for the Administration of NG. He eventually set up the Copra Marketing Board as Manager in 1948 and remained until 1960. As a weekend job, he worked a 150 acre plot 10 miles out of Rabaul, which he planted with 20,000 cocoa trees and some Coconut Palms. Lyons resigned from the CMB in 1960 and left for Australia.

Hugh Lyon died in Sydney in 2004 aged 97.

