

# Lae Chamber of Commerce Inc.

# **Weekly News Update**

**VOLUME: 47 - 13** 

#### 22 November 2013

#### LAE CHAMBER OF **COMMERCE INC.**

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The website is maintained by Kuakawa Business Solutions on support@kuakawa.biz.

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Company Profile - Radiant Dental

**European Commission** Trade Newsletter

Thank you

# FROM THE PRESIDENTS DESK

# COMBINED LCCI CHRISTMAS PARTY AND HOST **ORGANISING COMMITTEE - 6th PNG GAMES 2014**

The event held on Thursday evening at the Lae Yacht Club was a resounding success. The Yacht Club excelled with delicious finger foods and quick and efficient service (as usual). With over 100 LCCI members, and guests, plus members of the Host Organizing Committee and PNG Sports Foundation representatives in attendance, a good time was held by all.

Whilst everyone had a good time it was a pity that many of our guests didn't make it, including the Morobe Governor and the National Sports Minister.

The LCCI holds a Christmas function each year, which is a great means of networking for members, and for the Councillors and me to say thank you to the members for their continuing support throughout the year. The support and cooperation by the executive and members is really what makes the Lae Chambers one of the most successful in the country.

This year we agreed to combine this function with members of the Host Organizing Committee for the 6<sup>th</sup> PNG Games, with their important guests, who put on a small presentation which was of interest for everyone to hear.

We have all seen and enjoyed the Lae Yacht Club as it is today and there are many of us who still remember the previous yacht club – the building which still survives today at Voco Point. But there are not many who remember the original Lae Yacht Club as it was in 1964.





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# Lae Chamber of Commerce Inc. 2012 EXECUTIVE COUNCIL

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Snr Vice President

Nigel Merrick

<u>Jnr Vice President</u> Robert Howden <u>Treasurer</u> Stephen Beach

#### <u>Councillors</u>

Philip Franklin Peter Diezmann Kaity Bluett Dennis Brewster Terry Fuery Danny Kepi Andrew Gunn Mike Quinn Vanessa Chan Pelgen Belinda Edwards Samadhi Lewis

> 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;
- To provide business with a common voice.





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# **CHRISTMAS FUNCTION (CONT)**

The LCCI is looking at expanding by commencing a - Communications and Media Division, so as to better service our members. This is BEING done for a number of reasons:

- To do the newsletter well it needs to be done more professionally.
- The website has a potential that we are no benefiting from. We currently run a few advertisements but the website needs to be upgraded weekly and the advertisers must see the value in advertising on it.
- EMTV is keen for the LCCI to run the "Business in Lae" series and we need someone to run it.
- The LULLG and LCCI are working on a program to improve Lae City's image.
- We need to service our members better and some ideas are:
  - Provide a membership ID card
  - Approach member Retailers to provide discounts for LCCI members on presentation of their ID card.
  - Follow up with members for a free profile on their company

#### How to establish this section

The LCCI is working on getting a Volunteer or other qualified person to assist set up the section. We are also looking at a Communications Student from UNITECH who could work in this section as work experience.

#### During the Year we:

- Continued to provide the weekly newsletter. This is being sent under a new system through our Website and would appreciate continued feedback
- Continue to send notices to members on urgent matters
- Meet delegations Trade, Foreign Aid organizations (e.g. JICA), Government delegations and Organizations etc
- Attend Meetings we have representatives on the MPPPB, the Liquor Licensing Commission, the Provincial Audit, Provincial Supply & Tenders Board, Prov. Coordination & Monitoring Committee, the Lae Nadzab & Lae Roads Steering Committee, the National Polytechnic College and UNITECH
- Attend National Meetings NTCC, IPA

#### A Run Down on the Lae Roads and Nadzab 4 Lane Highway Project.

The new concrete roads for Lae will use a newly approved PNG Standard for constructing Concrete Roads. There was no Standard when the previous concrete roads were constructed.

Also with these new roads, there is a proper structure in place with a Project Manager, Project Engineer and Steering Committee, to oversee the work of the Contractors.

All pavement work will be Tested properly. At first in the absence of an appropriate Testing Laboratory in Lae, a portable containerized laboratory will be brought in. Then funds will be directed to the Department of Works and the University of Technology, to build up their capacity for testing the road pavements.

The Lae – Nadzab Road will commence about Christmas, with the work starting on section 1. a. – from the Wau Junction to the 6 mile farm. After this section 1.b will start, from the 6 mile farm to the Bugandi junction. Section 2 – from the Wau turnoff to Nadzab will start after section 1 is finished.



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# Warning!

Attempted hold-up near Bumayong Market at 7 am this morning. Gang of 3 with shotgun stepped in front of and tried to hold-up a Van. Be careful when driving in this area.



The Host Organising Committee (HOC) humbly invites you to be part of Papua New Guinea's very own game, the PNG GAMES 2014.

- The success of the 6<sup>th</sup> PNG Games in Lae from 16-29<sup>th</sup> November 2014 will very much depend on how we the stakeholders and the community in Lae and Morobe Province interact and cooperate.
- Your partnership in association with the Host Organizing Committee is vital and needed to successfully stage the 2014 PNG Games.
- Your contribution, effort and commitment will not go astray.

•

• You are part of Lae: Let's make it happen for Lae and Morobe Province.

# EXCEPTIONAL FROM ARRIVAL TO DEPARTURE.

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# **STAGING OF 6<sup>TH</sup> PNG GAMES**

Morobe Provincial Government in its preparedness to host the 2014 PNG Games established the Host Organising Committee and appointed the members of the committee based on the recommendation forwarded in a form of submission to the Provincial Executive Council. Amongst other members, the Chairman of the HOC is the LCCI Secretary Phil Franklin and his well known Deputy Boyamo Sali. The HOC was mandated to plan, organise and deliver the games in November 2014. Morobe Provincial Government further set aside K1 million in the 2013 Provincial Budget and a further K4 million will be made available in the 2014 Provincial Budget.

#### GAMES BUDGET

The 2014 PNG Games Budget comprises the following;

## **REVENUE SOURCES**

Morobe Provincial Government 5, 000, 000.00	
• 9x National Members of Parliament (K500, 00 each) 4, 500, 000.00	
• Business Houses 3, 500, 000.00	
• Payment from Provinces 15, 400, 000.00	
(Accommodation, meals & transportation)	
• Ticketing 630, 000.00	
PNG Sports Foundation 300, 000.00	
Total HOC RevenueK29, 330,	000.00

# **EXPENDITURES**

## Host Organising Committee Expenditure

•	Games Preparation (Mobilisation, Pre works) Cost	4, 780, 843.00
•	Subcommittees - Games Operating Expenses	23, 994, 751.00
	including accommodation, meals & transport for all athletes/officials	

# Total HOC Expenditure

## CAPITAL WORKS

Upgrading of Existing Sporting Facilities

The submission for the capital works funding has been delivered to the national government through the National Minister for Sports, Hon. Justin Tkatchenko, MP

# FUNDRAISING PLAN

## **SPONSORSHIPS & BENEFITS**

Sponsorship is organised at four (4) different levels with benefits.

<u>Platinum Sponsor</u> x 1 Sponsor

- Naming Rights
- 2x Full page on games program (inside front cover & out back cover)
- TV/Radio Slots 30 seconds-K100, 000
- Signage at every games venues & main dais (Podium)
- Tickets to opening/closing ceremony
- Present Medals @ selected sports presentation ceremonies as required
- Attend Opening Cocktail
- Right to speak @ opening ceremony

# <u>K23, 127, 130.00</u>

K1, 000, 000.00

K28, 774, 594.00

STAGING OF 6 <sup>TH</sup>		ON OUR USED VARCLAS () () () () () () () () () ()
PNG GAMES	Gold Sponsor x 3 Sponsors	K500, 000.00
Sponsorships (Continued)	<ul> <li>1 page on games program</li> <li>TV/Radio Slots - 30 seconds - <u>K50, 000.00</u></li> </ul>	
(Continueu)	<ul> <li>Signage at selected venues</li> </ul>	
	• Tickets to opening/closing ceremony	
	Present Medals @ selected sports presentatio	n ceremonies as required
	Attend Opening Ceremony Cocktail	
	Silver Sponsor Open	K300, 000.00
	• $\frac{1}{2}$ page on games program	
	• TV/Radio Slots – 30 seconds – <u>K30, 000.00</u>	
	<ul> <li>Signage at selected venues</li> <li>Tickets to opening/closing ceremony</li> </ul>	
	<ul> <li>Present Medals @ selected sports presentatio</li> </ul>	n Ceremonies
	Attend Opening Ceremony Cocktail	
	Bronze Sponsor Open	K100, 000.00
	• <sup>1</sup> / <sub>4</sub> page on games program	11100,000.00
	• TV/Radio Slots – 20 seconds – <u>K10, 000.00</u>	
	Signage at selected venues	
	<ul> <li>Tickets to opening/closing ceremony</li> <li>Medal Presentation @ selected sports present</li> </ul>	tation arramonias
	<ul> <li>Attend Opening Ceremony Cocktail</li> </ul>	auton ceremonies
	Volunteer & Supporters Sponsor	K50, 000.00
	Sponsor a group of volunteers	
	• K20, 000 'T' Shirt with games logo & compa	nny logo
	Ticket to Opening & Closing Ceremonies	
	Medal Presentation @ selected sports present	tation ceremonies
	The Host Organising Committee plans to raise enough	funda required and will account an encourabin in
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article of the week!

**courtesy of** <u>www.businessadvan</u> <u>tagepng.com</u>'

More stories are available on the Business Advantage Website.

Business Advantage

## New Made in PNG 2014 Edition Coming Soon

Business Advantage International is proud to announce the third edition of <u>Made in</u> <u>PNG</u>, a publication dedicated to Papua New Guinea's productive sectors: manufacturing, agriculture, fisheries and forestry.

It will be published in January 2014 in partnership with the Manufacturers Council of PNG.

#### Advertising

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# Government, economists see positives in falling kina for Papua New Guinea

21 Nov 2013 by Business Advantage Leave a Comment

Papua New Guinea government ministers and influential economic analysts have welcomed the recent fall in the value of the kina, saying it will boost demand for exports and help rural farmers.

Since January, 2013, the kina has fallen 12 cents against the US dollar from US\$0.47 cents to US\$ 0.35, according to Bank of South Pacific.

Asian Development Bank's Country Economist for Papua New Guinea Aaron Batten says the recent kina devaluation needs to be seen in its historical context.

'Between 2008 and 2011, the value of the kina was averaging around 0.33-0.40 American dollars,' he told *Business Advantage PNG*.

'And then, with the beginning of the LNG construction project ramp up, we saw a large appreciation emerging in the value of the kina, due to the large capital inflows associated with that project.

'So what's happened over the last few months is that as LNG project construction begins to wind down, capital inflows have slowed, and the value of the Kina is rebalancing back to more historically normal levels, in line with the underlying economic fundamentals of the country.

'That will ultimately have a number of positive side effects for the country.

'It will protect rural incomes, make exports more competitive and it will also be good for government revenues, because a lot of their contracts are denominated in US dollars.

'It would be counter-productive for the central bank to try and prevent the Kina from rebalancing to its long-term sustainable level.' Cushion

World Bank's Country Economist for PNG and the Solomon Islands Tim Bulman agrees the kina depreciation is actually helpful for farmers and helps cushion the economy from the broader slow-down.

Treasurer Don Polye said in a statement last week the depreciation was normal in any economy and was no different in PNG. He predicted increased demand for PNG goods.

The ANZ's 'Pacific Quarterly' this week notes the decline was 'in line with economic fundamentals of a deteriorating current account, falling terms of trade and reduced capital inflows as the construction intensive phase of LNG projects has now passed.

'As export receipts from that project come on line, the current account should stabilise and improve and most likely bring the Kina with it,' say the report's authors.

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#### Managing national debts and deficits

Wednesday, 20 November 2013

MANY Papua New Guineans would have breathed a sigh of relief when the PNG budget was released yesterday, having read a front-page newspaper report that morning that the budget deficit would blow out to K4 billion. By Wantok.

In fact it was only about K200 million larger than the planned deficit of K2.5 billion.

There has been intense speculation on the size of the budget deficit, leading to *The National's* front-page story yesterday.

The newspaper quoted "a source close to the Treasury Department" who was obviously ill-informed on the budget content. Much of the reason for this uncertainty about the government's fiscal situation emanates from recent statements

Much of the reason for this uncertainty about the government's fiscal situation emanates from recent statements made by Treasury Minister Don Polye himself.

In one recent speech he spoke of the budget being in deficit to the tune of around K100 million.

More recently, after his return as chair of an IMF/World Bank board of governors meeting, Poyle told a press conference the deficit would only be around K50 million.

This did not make sense to most observers. It left many people confused.

The 2013 budget had previously highlighted a planned deficit of just over K2.5 billion, the largest budget deficit in the nation's history, with most of the borrowing undertaken locally by the Bank of Papua New Guinea.

To the more discerning it was clear Polye was talking about the likely cost overrun on the budget estimates.

Treasury officials and others at the minister's press conference chose to remain quiet on the matter rather than contradict their chief.

Anyhow, all is well that ends well, as they say.

In his 2014 budget speech yesterday Polye noted that the final 2013 deficit was estimated at K2.7 billion, representing 7.9% of the nation's gross domestic product.

And, according to plan, a slightly smaller deficit of K2.37 billion or 5.9% of GDP is forecast for 2014.

The budget deficits continue to reduce until 2017, with the budget returning to balance in 2018.

The government fiscal strategy is designed to offset the plunge in construction expenditure by the \$US19 billion PNG LNG project to ensure economic growth rates remain above 5%, at least until significant tax revenues start to flow from LNG exports in 2018.

Cynics view this as a strategy of spending future windfall earnings from LNG in advance of their receipt.

The big danger is that revenues from the agricultural and mineral sectors could fall at a faster rate than anticipated and result in even larger budget deficits.

For the moment, the government's medium-term economic strategy and its five-year budget forward plan remain largely on target and intact.

This is the first time PNG has undertaken five-year budget planning, which is quite innovative globally.

Such clarity, as far as Wantok is aware, is not available in Australia or in other Southeast Asian countries.

This greater sense of clarity on the PNG budget contrasted with the speculative report in *The National*, which added to the confusion by also referring to a \$2 billion (about K5 billion) Exim Bank loan that had not been mentioned before.

There are a number of Exim banks around the world that provide loans to promote exports of goods and services from their individual countries.

One such loan for PNG, that has come up in news reports but not finalised, is a K6 billion loan from China's Exim Bank.

The newspaper also appeared confused about costing for the Lae-Nazdab four-lane highway, equating the annual budget allocation with the total cost of the project.

The 2014 budget brought down yesterday is the first to surpass K15 billion, having risen by 15.7% to a record K15.29 billion.

Spending on infrastructure will get the biggest chunk, an estimated K2.7 billion (up 44.7%).

The share going to education rises to a record K1.5 billion, up 11.8%, while the health sector will receive K1.38 billion, up 36.9%.

The splurge in public sector borrowing will see government debt balloon from K11.6 billion in 2013 to K13.96 billion by the end of next year.

*PNGIndustryNews.net* readers will recall that the O'Neill government amended the Fiscal Responsibility Act this year to allow public sector debt to rise above the previously set limit of 30% of GDP. The new limit of 35% is expected to be breached in 2014.

Polye has indicated he will make legislative changes for that to occur on a temporary basis.

Normal economic growth will enable the debt-to-GDP ratio to fall below 35% in 2015, when LNG exports will be firing up the economy in a big way.

Click here to read the rest of today's news stories.



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## TRADE Newsletter - Weekly digest

Investment – TTIP

# European Commission TRADE NEWSLETTER

Second round of trade talks with the US (TTIP) planned for 11-15 November in Brussels A week-long round of negotiations will replace talks that had originally been scheduled for 7-11 October and were cancelled due to the US government shut-down. The parties will discuss trade in services, investment, energy, raw materials and regulatory issues.

The third round of negotiations will take place in Washington in the week of 16 December. On Friday 15 November the European Commission will organise a briefing session for stakeholders, followed by a press conference at 3.30pm, which will be broadcast live online. Press release

Information on registering for the stakeholder briefing session Live web stream

# Anti-dumping duties

#### Commission launches survey on refunds for anti-dumping duties

The Commission is currently consulting on a new procedure which we have proposed for refunding anti-dumping duties. We welcome your comments, which you can email to <u>TRADE-TDI-REFUNDS@ec.europa.eu</u> until Monday 9 December 2013. <u>More information</u> <u>Proposal</u>

# Dual use export controls

# NEW!

PNG ENGINEERING MAGAZINE

This free magazine has unfortunately run out. We will try to obtain more free copies for members **Commission publishes report on dual-use export controls** The Commission has just sent a report to the European Parliament and the Council on the implementation and impact of dual-use export controls for the years 2010-12. EC Regulation 428/2009 puts the controls in place.

The report is part of a wider review of the EU's export control policy and extensive consultations with those affected. It explains recent changes to rules and regulations to ensure export controls are applied in the same way across the EU. It should help businesspeople and academics in particular to understand the issues more easily and discuss them with the Commission.

The report also features:

- data on the application of export controls and their impact on security and trade; and
- a summary of stakeholders' views on export controls in a changing world.

The report is available online here



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