



Lae Chamber of Commerce Inc. Weekly News Update

08 November 2013

VOLUME: 45 - 13

LAE CHAMBER OF COMMERCE INC.

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Thank you

FROM THE PRESIDENTS DESK

CHRISTMAS FUNCTION AT LAE YACHTIE

We have decided to do something different for the LCCI
Christmas function this year.

We are combining the event with a presentation from the
Games Committee for the 2014 PNG Games. The PNG
Games will be held in Morobe toward the end of 2015.
This games event will be a tremendous boost to the Pri-
vate Sector of Morobe Province.

The evening will certainly be a memorable one, with
guests including the National Minister for Sports and Rec-
reation Hon. Justin Tkatchenko and the Morobe Governor
Kasiga Kelly Naru.

The event will be at the Lae Yacht Club on 21st November
2013, commencing officially at 5 PM until 8 PM. The event
will be free for LCCI members and their guest.

There will be a short presentation from the Games Com-
mittee and a brief annual rundown of LCCI events, but the
main aim will be to enjoy yourselves.

The event is a free Christmas present to you as a member
of the Chamber, but you must book for the event by con-
tacting Jenna at the LCCI Office on 472 2340 or by return
email. If you turn up without booking, you may have to pay
a gate fee of K80.00.

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Jackson**



**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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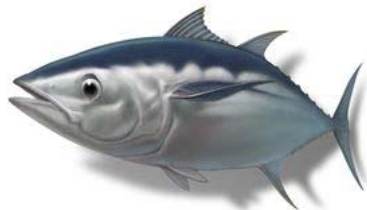
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«This is an extract from the PNG Attitude in October:

06 November 2013

Domestic processing will boost PNG's fisheries industry

OXFORD BUSINESS GROUP



A WAVE OF NEW fish processing facilities is galvanising downstream activity across Papua New Guinea, paving the way for the \$408m fisheries sector to transform itself into a billion-dollar industry.

PNG's 3.1m-sq-km fishing zone is the second-largest in the South Pacific, yielding up to 20% of the global annual tuna catch. However, until recently, the country was losing an estimated two-thirds of its potential downstream and value-added business due to a lack of domestic processing facilities.

A major policy change giving PNG greater control over the fleets operating in its waters has proved to be a key driver of industry growth.

Previously, operations were dominated by several bi-lateral annual access arrangements, which granted the fleets of signatory nations open access to PNG's fisheries zone.

Under the newly introduced "vessel day" scheme, which was rolled out by the National Fisheries Authority (NFA), PNG can prioritise vessels opting to have their catch processed on its shores when distributing its fishing licences.

The reform has triggered a wave of new investment, which is boosting downstream and value-added activities. Exports rose 26% to reach 91,267 tonnes last year, up from 72,114 tonnes in 2010. The industry's domestic processing capacities are expected to more than double by 2015.

PNG is already home to four commercial tuna canneries, which have a combined maximum daily processing capacity of 640 tonnes. One new plant recently opened its doors, with two additional facilities set to begin operating before the end of 2014.

Philippine firms, Frabelle and Century Canning, have joined Thailand's Thai Union at the \$30m Majestic Seafoods development near Lae, which launched in early October and is the region's largest fish processing plant, with a capacity of 350 tonnes per day (t/d).

It will soon be joined by the \$15m Nambawan Seafoods cannery, a joint venture between Trans Pacific Journey Fishing Corporation and TSP Marine Industries, both of the Philippines, which will be capable of processing 150 t/d.

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Continued PNG Attitude Article.
PNG Attitude is a BLOG site that is prepared by Keith Jackson. Keith was formerly a long time resident of PNG – serving in some of the countries remote locations.

PNG's Fishing Industry (Cont)

Meanwhile, the \$27m, 200-t/d Niugini Tuna project, which is under construction, will be one of the first plants to open in PNG's Pacific Marine Industrial Zone (PMIZ) in Madang.

Firms from the Philippines, which have been active in PNG's tuna industry since 1995, are now looking to further develop their interests in the country. Tuna accounts for 93% of PNG's fish exports.

Cencon Packaging has begun constructing a can-making plant to supply tuna canneries, while Rell & Renn Fishing Corp plans to establish a katsuobushi (dried tuna) plant and a fresh fish operation on Manus Island.

Investors from elsewhere are looking to join the Philippines and Thailand by acquiring a share of PNG's expanding fisheries market. The NFA is considering four applications for foreign direct investment projects in the tuna industry.

Korea's Dongwon Industries and Halisheng, a Chinese firm, are each seeking permission to construct a 200-t/d processing plant, while the French SAPMER Group hopes to roll out a \$500m processing plant, a 300-metre wharf, cold storage plant and ship repair yard in the PMIZ.

The government sees PNG's fisheries industry as key to its plans for developing sustainable economic activity long term.

"Unlike copper, gas or oil, fisheries are sustainable when well managed, and we need to ensure we pursue downstream processes, add value and create wealth for Papua New Guineans," Mao Zeming, the minister for fisheries and marine resources, told OBG.

According to Sylvester Pokajam, the NFA's managing director, new facilities are expected to pave the way for PNG to become the world's second-largest exporter of tinned fish, ahead of both the Philippines and Ecuador. Further expansion is also expected to create more than 22,000 jobs, he told OBG in an interview.

Despite high levels of international interest, investors face several challenges to doing business in PNG, led by infrastructure shortfalls, which can translate into high capital costs.

Weaknesses in PNG's surveillance capabilities are also a pressing concern for investors. The World Bank estimates that poaching of PNG's marine resources costs the industry \$860m per year.

Offshore, the Department of Defence has been granted funding to improve its maritime surveillance capabilities. Other initiatives include a new \$34.8m National Surveillance Centre in Port Moresby and the purchase of three additional patrol boats from the Philippines this year.

The NFA's National Tuna Fishery Management Plan, together with upgrades to tracking and safety requirements on all vessels shipping in PNG's waters, will also increase maritime security. Collectively, PNG's efforts to step up security in its fishing zone should dovetail well with onshore reforms, as the country continues its drive to build new industry growth.



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**New Made in PNG
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Business Advantage International is proud to announce the third edition of [Made in PNG](#), 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.

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Standard & Poor's maintains Papua New Guinea rating – with warnings

7 Nov 2013 by [Business Advantage](#)

Standard & Poor's ratings agency has maintained its year-long rating of Papua New Guinea's economy as stable, but has some concerns.

STANDARD & POOR'S

In a comprehensive assessment on the health of the PNG economy, the agency has kept foreign and local currency long-term ratings at 'B+', and the short-term ratings at 'B'.

'The stable outlook assumes that the PNG LNG project will come on stream on time,' says analyst Craig Michaels in a statement. The government will retain its stake in the project and refinance its related debt, and external and fiscal imbalances will ease with the increased output.

'If these assumptions do not hold, the rating could come under pressure.

'Conversely, if the PNG LNG project boosts the country's economic performance significantly and maintains growth on a higher trajectory, resulting in development and better fiscal and external positions, upward pressure on the rating could emerge.'

Michaels points out the prevalence of urban crime in the country deters investment, while governmental checks and balances are limited.

He also said a lack of transparency in public sector finances makes credit analysis more difficult.

'We expect PNG's net debt levels to remain below 30% of GDP and to resume declining once LNG production starts.

'PNG's budget performance will remain vulnerable to volatility in commodity prices, though. And PNG's domestic banks already hold a large share of their assets in government debt, potentially constraining their ability to fund further government borrowing.'



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Credit & Data Bureau boss coming to Lae. Can he help your business?

MEET BRUCE MACKINLAY

He will be in Lae from 10 November to 13 November.

*Bruce is the Managing Director of Credit & Data Bureau which has been operating online for five years now. This credit checking service enables members to avoid customers with a poor credit history. Their default listing service has recovered over **K57 million** since commencing operations. He is happy to meet with continuing members. Bruce is available to demonstrate how CDB membership can assist businesses to better manage existing customers, new accounts or lending, and the collections process. CDB can help reduce the incidence of bad debt write offs and ultimately improve your bottom line. Bruce's contact details are:*

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Managing Director

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DON'T FORGET!!

16 November: TISOL Market Day

Time to start planning now if you would like a stall for the TISOL Market Day. Stalls are K50 each and you can sell anything you want – food, craft, artefacts, 2nd hand. Stall sales will be notified at a later date.

The International School of Lae (TISOL) plays an increasing part of the Lae Community. The education that the School provides is excellent but the school is playing an increasingly important role in all aspects of the LAE social calendar.

If you would like to find out more please contact the Principal Paul Richardson on prichardson@tisol.iea.ac.pg

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PanAust's Frieda River plan

Kristie Batten

Friday, 8 November 2013

PANAUST managing director Gary Stafford said the previous \$US5.6 billion (\$A5.9 billion) development plan for the company's new Frieda River project in Papua New Guinea was too big and the company would leverage off its experience in Laos to build a smaller project.

Stafford presented to the Sydney Mining Club yesterday, less than a week after announcing a deal worth up to \$125 million to buy an 80% interest in the project from Glencore Xstrata and invest in minority partner Highlands Pacific.

Stafford said he was delighted to invest in Highlands.

"They're going to be an important partner for us in that project with their depth of experience in Papua New Guinea," he said.

PanAust has already completed a scoping study on a 24 million tonne per annum open pit and flotation operation.

Xstrata's feasibility study, delivered in December last year, envisaged throughput of up to 64Mtpa.

"In our view, with all due respect to previous owners of the project and current owners of the project, we believe that the previous managers of the project have looked for a big solution to a world-class deposit and the solutions have been very complex, they've been very high capital and in our view, a mid-cap scale project is better suited to that topography, to that geometry of the orebody," Stafford said.

"And once you're there, once you've made that investment decision, you can start leveraging off it.

"You've got ample opportunity to grow the business once you've established that foothold."

Stafford said the Frieda River terrain was very similar to that of the company's Phu Kham operation in Laos and the plant would be a similar size.

The development will focus on the large Horse-Ivaal-Tukai deposit.

Mill feed of 430Mt at 0.54% copper and 0.3 grams per tonne gold was assumed for average annual production of more than 100,000 tonnes of copper and 160,000 ounces of gold in concentrate at cash costs of around \$1.25 per pound over an 18-year mine life.



Drilling at Frieda River project in PNG. Image courtesy of Highlands Pacific.



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Continued extract from
**PNGIndustry-
News.net**

PNG Industry News (Cont)

"And we're really only talking a fraction of the orebody," Stafford said.

PanAust's due diligence envisaged capital costs of \$1.5-1.8 billion.

The company is aiming to complete the feasibility study for Frieda River in mid-late 2015.

Stafford said it was an ideal growth opportunity for the company.

"We try to look for opportunities when the time is right," he said.

"It's not just about the price you pay, it's about the time when big companies are thinking 'well maybe we need to pare back and focus on other things' and that's the opportunity that mid-cap companies can move into."
PanAust shares dropped 1.8% to \$A1.845 this morning.

LAE CITY MISSION FUNDRAISER

Time is near for the **RED HEART GALA DINNER** to mark the 20th Anniversary of the City Mission. Read the article on the following page which explains this event and the need to raise funds to support the many admirable projects that the LCM takes on. Without your support, the many programs that see some of the less advantaged youth get a start in life and for some solid working careers. Book now for the event so that you can make a difference!!

Lae City Mission

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What the City Mission RED GALA EVENT is about.



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16th October, 2013

Dear Sir/Madam,

LAE CITY MISSION 20TH ANNIVERSARY RED HEART GALA DINNER 23rd November 2013, The Melanesian Hotel

November 2013 marks a milestone on the calendar for City Mission PNG as it was in this month, twenty years ago, that Executive Director Larry George founded the Mission in Port Moresby. To celebrate this anniversary, Lae City Mission will be hosting a gala fundraising dinner at the Melanesian Hotel on Saturday 23rd November 2013.

This event will also mark the retirement of Larry and his wife Bonnie who have been based at the Lae City Mission located at the Suambu Plantation at 11 Mile since 2005.

Over the past twenty years, Larry, Bonnie and their team have expanded the Mission substantially, initially helping to curb lawlessness and unemployment amongst the many homeless youths roaming the streets; to establishing refuge and crisis centres as well as accommodation and even a school.

We would like to encourage business houses to support this event by purchasing a table of 10 at K2,500. There will also be a raffle on the night that will include a variety of great prizes. If you are unable to attend the event then a cash donation would be greatly appreciated. Funds raised from this event will go towards the purchase of a new truck to transport youth to and from work.

So please come along to support the Lae City Mission and farewell Larry and Bonnie.

Should you require any further information please do not hesitate to contact us. We thank you in advance for your support of this worthwhile cause.

Yours Sincerely

Jackie Burke
Fundraising Committee