



Lae Chamber of Commerce Inc.

Weekly News Update

14 February 2014

VOLUME: 06 - 14

LAE CHAMBER OF COMMERCE INC.

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Index

In this Issue
**From the Presidents
Desk**

Lae Roads

Business Advantage News

International Chamber of
Commerce News

PNG Industry News

Thank you

FROM THE PRESIDENTS DESK

FTM Construction has provided the following information on the Closure of the Bumbu Road at the Kamkumung Bridge and the respective alternative route.



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ROAD CLOSURE NOTICE

THIS NOTICE SERVES TO ADVISE THE GENERAL PUBLIC OF THE FOLLOWING CLOSURES;

1. **BUMBU ROAD CLOSURE BETWEEN THE HUON RD (ANDERSON'S) ROUNDABOUT AND KWILA RD EFFECTIVE 17TH FEBRUARY, 2014 FOR AN APPROXIMATE PERIOD OF SIX (6) WEEKS.**
 - a. **PMV DRIVERS AND PASSENGERS WISHING TO COMMUTE TO MADANG AND THE HIGHLAND REGION ARE ADVISED THAT THE PROVINCIAL BUS STOP SHALL BE TEMPORARILY DIVERTED TO THE MARKHAM RD - ROAD RESERVE ADJACENT TO THE AIR NIUGINI OFFICE.**
 - b. **PMV DRIVERS AND PASSENGERS COMMUTING WITHIN THE CITY LIMITS ARE ADVISED THAT THE URBAN BUS STOP SHALL BE TEMPORARILY RELOCATED TO THE ROAD RESERVE ALONG CHAYTER AVE.**
 - i. **CHAYTER AVE WILL BE RESTRICTED TO BUS PARKING ONLY, AND ALL CUSTOMERS/TENANTS OF THE CHAYTER HOUSE ARE REQUESTED TO UTILISE THE CHAYTER HOUSE CARPARK ONLY.**
 - ii. **PARENTS OF STUDENT ATTENDING THE ST. MARY'S SCHOOL ARE REQUESTED TO GUIDE CHILDREN TO UTILISE THE MAIN ENTRANCE.**
 - iii. **ALL THROUGH TRAFFIC WISHING TO MANOUVRE THROUGH TO LAE SECONDARY SCHOOL, TISOL, SALVATION ARMY, AOG CHURCH, AND ANDERSONS SHALL BE GUIDED THROUGH BUCHANAN AVE, GURNEY STREET, AND OAK ST OR AROUND BOUNDARY RD.**
2. **OMILI BRIDGE/BUMBU RD CLOSURE EFFECTIVE 15TH FEBRUARY, 2014 FOR AN APPROXIMATE PERIOD OF SIX (6) WEEKS.**
 - a. **NOMINATED ROUTE FOR ALL AFFECTED COMMUTORS SHALL BE THROUGH BUTIBAM ROAD**
 - i. **MOTORISTS ADVISED TO ADHERE TO 40KM SPEED LIMIT AND TO BE MINDFUL OF VILLAGE RESIDENTS.**



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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;
- To provide business with a common voice.



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Bumbu Road Closure (Cont)

Gamoga and Co. Lawyers obtained a court order which states that “the matter return to the Court on 18th February to ascertain progress to the Amended Orders ..”. In a letter to FTM, Gamoga’s lawyer Paula Falconer went on to say - “We again request that your Head of Works confers regularly with the Department of Works and any other Construction Companies in Lae City to co-ordinate works and reduce road congestion in the future.

LAE CITY ROADS IN GENERAL

One of the problems with the Lae Roads Works at the moment is the fact that FOUR Contracting Companies are working on different roads under separate contracts, all at the one time. Each contractor is working in complete isolation to each other, and do not want their project to be delayed as this will cost them money. The Department of Works are the supervising engineers, and are giving the go ahead for each project, in fear that they will incur costly contract variations.

We would like to go back to the mid to late 1990’s; when Barclays were awarded the AusAID funded Lae Industrial Road Project. At that time there was a lot of pressure put on the AusAID appointed Engineers, to split the work into separate contracts, so as to give the smaller contractors a fair go.

The Engineers said that only one contractor would be appointed, and this was Barclay’s PNG. They stated that for a project this size, multiple contracts would lead to difficulty in coordinating the different contractors with the end result being a traffic nightmare.

This is unfortunately what is happening with the new Lae road works at the moment.

The LCCI has adopted the approach that we have to make the most out of the current situation; after all we will finish up with better roads. Therefore we are pointing out to all the contractors that they need to constantly notify the travelling public of road works and closures. They also must be aware of the road works and road closures associated with the other contractors, and where there is a conflict, they must bear in mind the necessity of the maintain a reasonable flow of traffic.

For their part the Department of Works and the Lae ULLG City Engineer are now keeping in close contact with the Contractors and reminding them of their obligations under their contracts.

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Business Advantage article of the week!

courtesy of www.businessadvantagepng.com

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 **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.

Advertising

This is open to any PNG producers or service providers (contact

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YOUR GATEWAY TO PAPUA NEW GUINEA AND THE REGION

Business gets serious about Papua New Guinea tax review

12 Feb 2014 by [Business Advantage](#) [Leave a Comment](#)

Business in Papua New Guinea is now starting to focus on the looming deadlines for the country's taxation review – a review that could have major implications for business, including the country's resources sector.

With the PNG Government planning for additional revenue of K585 million (US\$229 million) to be collected by the PNG Internal Revenue Commission (IRC) this year, the pressure is on to improve the way the country is taxed.

PNG's taxation review will look at competitiveness and efficiency in PNG's current tax system and non-tax revenues, and identify opportunities for greater fairness and simplicity. It will also look at ways of improving compliance and outline possible changes to the country's tax mix.

The review, undertaken by a committee of distinguished Papua New Guineans headed by Chairman Sir Nagora Bogan, is being supported by the Department of Treasury, PNG Customs, the IRC and the IFC.



Taxation Review Committee members

- Sir Nagora Bogan (Chairman, left)
- David Sode (Deputy Chairman)
- Sir John Luke Critton
- John Lohberger
- Aivu Tauvasa

It will incorporate the long-awaited review of the taxation regime for the mining and petroleum industry, PNG's most lucrative industry sector.

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Papua New Guinea tax review (Cont)

Submissions deadlines

Submissions to the review have been invited, with a deadline of 31 March 2014 for those on mining and petroleum, and 30 April for other submissions.

Business bodies such as the PNG Chamber of Mines and Petroleum, the Manufacturers Council of PNG and the PNG Chamber of Commerce and Industry have advised *Business Advantage PNG* they are currently planning submissions to the review.

'As a community, there's an opportunity to let government know our perception of how things work and what's important to us. We can't just expect them to know. We need to make sure business is taken into account.'

While he says it's too early to anticipate the review's recommendations, Bouke Wagenaar, Partner Taxation Services at Deloitte PNG, tells *Business Advantage PNG* that the Government will be looking to collect more tax from business to fund tax breaks for the masses.

Sensible rules

Instead of new taxes, an improved focus on the efficient application of existing tax rules would be desirable.

'This isn't a legislative issue. PNG has a lot of sensible rules but they're not necessarily applied effectively. If they can ramp up the IRC, make it more efficient and make sure people who should be registered to pay tax are registered, that would make a big difference.'

Wagenaar says the IRC has already taken some steps to improve matters, through [the introduction of new technology and an internal reorganisation](#), but there is a way to go before the tax system benefits fully from technology.

'At present, the new system only covers withholding tax and only the largest tax payers are on it,' he says.

Technology can have a downside too, however: there are concerns that automated work processes at the IRC could lead to penalties being applied much more often than is the case today.

Expert submissions

Deloitte and KPMG are just two accounting firms currently consulting with clients with a view to making their own expert submissions to the review, while PricewaterhouseCoopers has already lodged a number of submissions, according to Partner David Caradus.

Wagenaar's advice to business people is to provide feedback to the review on the experience of complying with the current tax system:

'As a community, there's an opportunity to let government know our perception of how things work and what's important to us. We can't just expect them to know. We need to make sure business is taken into account.'

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- SUNDAY FEBRUARY 16

Time: 8:00 am - 5:00 pm.

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Date: SATURDAY FEBRUARY 15

Time: 8:00 am - 5:00 pm.

Areas Affected: Half Street, 2nd, 3rd, 4th & 5th Street, Melo, Post Office, Nambawan Supa and Parts of LaeTop Town.

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Papua New Guinea tax review (Cont)

PNG's current tax rates at a glance

- Corporate income tax rate 30%
- Capital gains tax rate 0%
- Branch/non-resident company tax rate 48%
- Dividend withholding tax 17%
- Interest withholding tax 15%
- Royalty withholding tax 10%
- Foreign contractors tax 12%
- Management fee withholding tax 17%
- Superannuation funds 25%
- Trusts 30%
- Goods and services tax (GST) 10%


Personal income tax thresholds:

- K0-K10,000 0%
- K10,000 22%
- K18,000 30%
- K33,000 35%
- K70,000 40%
- K250,000 42%

Source: *The PNG Investors' Manual, 3rd edition (POMCCI)*

Tax threshold increase?

Prime Minister Prime Minister O'Neill has already flagged this week a possible increase in the tax threshold of ordinary workers from the current K10,000 (US\$3935) up to K20,000 (US\$7870). 'This would be a very sensible thing to do, because the threshold is quite low compared with other jurisdictions and isn't indexed,' says Wagenaar. 'It would also reduce the payroll burden on businesses employing casual workers and help deliver better pay conditions for government workers.'



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BUSINESS ADVANTAGE ARTICLE OF THE WEEK



The Institute of National Affairs' Paul Barker

Opinion: Sovereign Wealth Fund key to the fall or rise of the kina

12 Feb 2014 by [Paul Barker](#) [Leave a Comment](#)

The ANZ Bank last month predicted the kina will fall by up to 10% in value by the end of 2014, in anticipation of income from the LNG project. Paul Barker looks ahead several years to when that income begins to have 'a substantial impact'.

While it's unusual for a bank to be publicly forecasting currency movements, the fall in the value of the kina over the last few months was predictable.

The fall—as [outlined](#) by the ANZ Bank's Daniel Wilson—was related to the declining inflows associated with the PNG LNG construction and as a result of lower commodity prices.

Over the next months, if commodity prices stay largely down, the kina will continue to drift downwards, unless the Bank of PNG is ready to commit a further significant portion of its dwindling reserves to counter that trend.

When LNG comes into production in later 2014 most of the proceeds will remain offshore, repaying debts and going to the main shareholders so, although boosting GDP substantially, it will have a modest initial impact on the current account, and government revenue.

LNG production is likely to provide a slightly positive effect on reserves and the value of the kina, but not a substantial impact until revenue starts to flow more substantially in the later years of this decade. But it will only make a substantial impact if the Government hasn't pre-committed all these funds with overseas project borrowings, (although these would themselves bring an initial inflow of foreign currency, albeit also a liability).

Mixed blessing

Whether the fall of the kina is a good or bad thing depends upon your perspective.

'For households on fixed incomes, and many urban members of the informal economy, the weaker kina sees costs of imported goods, including food products, rise and increases hardship.'

Businesses and households generally favour stability.

The recent fall in the kina has provided a parachute to some of the industries suffering from lower commodity prices, although for those industries requiring substantial imported inputs, whether plant and equipment, or livestock feed and fertilizer, the weaker kina imposes costs as well as providing gains.

For households on fixed incomes, and many urban members of the informal economy, the weaker kina sees costs of imported goods, including food products, rise and increases hardship, as well as driving pressure for increased wages, which can in turn further pressure those businesses which are relatively marginal.

Higher imported food prices would provide some boost to rural households producing and selling local fresh produce.

If the kina rises in coming years, rural households will suffer, particularly as the majority of production in most crops (other than palm oil, tea etc) comes from micro-enterprises.

The [Sovereign Wealth Fund](#) is one of the key measures aimed at ameliorating that impact, but the Fund will only be of positive value if it is managed much more wisely and made more accountable than the mineral resources stabilisation fund, which was exhausted in the mid-1990s.

That's why the fund is so critical to PNG's long-term prospects.

Paul Barker is Director of Papua New Guinea's industry think-tank, the [Institute of National Affairs](#).



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NEWS ALERT



NEWS ALERT!

ICC upgrades online Dispute Resolution Library

Paris, 6 February 2014

ICC has today launched a new version of its Dispute Resolution Library (DRL), a databank of ICC publications and resources on dispute resolution. This 2014 upgrade, the first since the service was launched in 2008, includes new and improved search functions, navigation aids and display options, as well as a redesigned interface reflecting recent ICC branding changes.

[Read more](#)

ICC calls for more countries to join green goods trade negotiations

Paris, 24 January 2014

The International Chamber of Commerce (ICC) has pledged strong support for a new initiative to pursue the conclusion of a deal to liberalize trade in green goods and services, calling on more countries to join the drive for a deal which could inject up to US\$10.3 billion in additional exports and augment employment gains by 256,000 jobs, according to an ICC commissioned report. [Read more](#)

ICC PUBLICATIONS

In early January, India has passed a new anti-corruption law paving the way for the creation of an anti-graft watchdog and World Anti-Corruption Day in December 2013 was celebrated with conferences and awareness campaigns around the world.

It is widely known that corruption has a corrosive impact on international business. More and more companies, multinationals as well as SMEs, are therefore setting up corporate compliance programmes. But

- how do you engage your Board of Directors in compliance efforts?
- what do you need to bear in mind when selecting agents or intermediaries?
- and how do you install an efficient whistleblowing system?

ICC's new Ethics and Compliance Training Handbook provides hands-on expertise and practical other subjects. This book is the tool of reference for managers, compliance officers, lawyers and stamping out anti-competitive practices and helps you manage the transition to a clean commerce make 2014 your anti-corruption year. [View online](#)

Kind regards
Brigitte Horn
Marketing Coordinator



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Aspermont publishes the popular PNG Report Magazine as well as the ONG Industry News. This article is published as an extract from PNGIndustryNews.net

We regret to advise that the popular PNG Report has run out at the Chambers office. You will be advised when new magazines are on hand.



Ok Tedi's interested parties

Wednesday, 12 February 2014

PAPUA New Guinean journalist Martyn Namorong reflects on his first-hand observations of the expropriation of Ok Tedi.

In September 2012, I had lunch on the new Ok Tedi Mining Limited research vessel, the Fly Explorer.

I was flown from Port Moresby to Tabubil and then to Kiunga where the vessel was being launched by dignitaries from OTML, the PNG Sustainable Development Program, the Ok Tedi Fly River Development Program, the Fly River provincial government and leaders from the mine-associated communities.

PNGSDP and the FRPG had signed a cooperation agreement the previous day at the Tabubil Golf Club.

To me, this was a sign of the type of cooperation that was badly needed to bring progress in the Western Province.

Little did I know that it was probably the last time former PNGSDP chairman Ross Garnaut and I would have lunch together.

Buoyed by this new-found optimism about the province, I left the city and joined OTML's media and public relations department.

It was an exciting time as the media team along with the community relations team worked together to engage with various stakeholders.

OTFRDP, led by the hard working Ian Middleton, had various projects to be delivered to the community mine continuation agreement communities.

A new twin-otter aircraft and a container vessel, the Fly Warrior, were being delivered. These were assets owned by the communities and leased to OTML at highly favourable rates.

The 156 CMCA communities had also signed up to mine life extension.

There seemed to be an atmosphere of calm and cooperation.

However, in the east, storm clouds were brewing over Waigani. There was indeed an alignment of interest from various parties against PNGSDP's ownership of Ok Tedi.

The first salvos were fired by Ok Tedi Mine Impact Area Association interim president Nick Bun.

Bun had issues against the way the CMCA trusts were being managed by OTFRDP and waged a negative publicity campaign against Middleton and his team. Bun's efforts were supported by various sectors of the community.

Around the same time, Prime Minister Peter O'Neill began making his intentions known about the future of PNGSDP and OTML.

Indeed, the then PNGSDP chairman Ross Garnaut upset O'Neill when he commented about governance issues surrounding the PM's proposal.

Garnaut was declared persona non grata by O'Neill and banned from entering PNG.

A few days after New Year 2013, all OTML staff received an email advising them that former prime minister Sir Mekere Morauta had just replaced Garnaut as chairman.

Morauta's appointment seemed to have been in the pipeline as he was in Tabubil during the signing of the cooperation agreement between PNGSDP and FRPG.

Nonetheless, his appointment came as a surprise to many.

The man who as prime minister had created the beast called PNGSDP would lead it as it was being ambushed by its predators.

By early 2013, it was increasingly apparent that the government would take over the Ok Tedi mine.

Community leaders were brought to Tabubil to discuss events with Ok Tedi management.

Talks about the expropriation of Ok Tedi dominated conversations among workers and speculation was rife.



The Ok Tedi mine in PNG. Image courtesy of OTML.

Even the notorious heavy downpours and thick fog of the Star Mountains didn't dampen conversations about the government's intentions. As my contract with Ok Tedi came to an end, I had the opportunity to join the communications team at PNGSDP.

I left Tabubil and flew to Geelong where the conference held by Deakin University was to be held. There, I would discuss the rent seeking behaviour of Papua New Guinea's predatory elite. On my return from Melbourne, I joined PNGSDP. I would witness the organisation shift its Port Moresby office from downtown to Gordons and see the new office being set up, only to be dismantled a few months later.

PNGSDP was formed when BHP divested its shares in Ok Tedi to the Singaporean Trust. In September I sat in the media gallery of the Chambers of Parliament watching the government pass the bill expropriating the Ok Tedi mine.

Following the expropriation of those shares by the PNG government, PNGSDP now finds itself divesting its assets to Papua New Guinean interests. This process has begun with the transfer of its Western Province assets to the people of Western Province.

PNGSDP has around \$US180 million (\$A200 million) worth of investments in PNG, the largest portfolio being its investment in Bank South Pacific shares. It also has interests in forestry, telecommunications and microfinance including a couple of aircraft it leases to Air Niugini.

In response to the criticism that the company was not doing much in PNG, the board had made decisions to invest in PNG despite the underlying risks. The company now finds itself having to deal with the fallout of the precarious political risk of doing business in PNG.

[Click here to read the rest of today's news stories.](#)

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To make a reservation, please contact resort@walindifebrina.com or 7234 8460

Conditions apply **Two night minimum stay* **Applies to new bookings only*



PUBLIC NOTICE

Australian Visa Medical Requirements

We wish to advise that Lae International Hospital (LIH) is now a fully accredited hospital approved by the Australian Government Immigration and Border Protection authorities, to carry out all medical requirements in connection with all visa applications for Australia.

For any further information, please contact Reception at the hospital.

Telephone: 472 7133

Email: reception@lih.com.pg