



28 March 2014

# Lae Chamber of Commerce Inc.

## Weekly News Update

VOLUME: 12 - 14

**LAE CHAMBER OF COMMERCE INC.**

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(Including TMP's)

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FOC COCKTAIL FUNCTION WITH BANK OF PNG

*Thank you*

**FROM THE PRESIDENTS DESK**
**NOTICE**
**LCCI ANNUAL GENERAL MEETING 2014**

A big thank you to all the members who turned up for the Annual General meeting last night. It was nearly a full house in the Lae International Hotel Bulolo Room, which saw the 2014 councillors elected and gave the attendees an opportunity to hear what the Chamber has been involved in during the year, and of course how the members fees were spent. We congratulate the new councillors.

Your new team of councillor's are:

**EXECUTIVE COUNCILLORS**
**NAME POSITION**

- |                  |                          |
|------------------|--------------------------|
| 1. ALAN McLAY    | PRESIDENT                |
| 2. NIGEL MERRICK | SENIOR VICE PRESIDENT    |
| 3. ROBERT HOWDEN | JUNIOR VICE PRESIDENT    |
| 4. ALISON JUDD   | TREASURER                |
| 5. PHIL FRANKLIN | IMMEDIATE PAST PRESIDENT |

**COUNCILLOR: 11 positions**

NAME	COMPANY	SECTOR
6. ANDREW GUNN	DULUX GROUP	MANUFACTURING
7. KAITY BLUETT	ATTIC HOLDINGS	REAL ESTATE
8. PETER DIEZMANN	INTEROIL PRODUCTS LIMITED	RETAILING FUEL
9. DENNIS BREWSTER	BSP BANK	BANKING
10. TERRY FUERY	CONSORT EXPRESS LINES	SHIPPING
11. DANNY KEPI	REGIONAL ENGINEERING	ENGINEERING
12. BELINDA EDWARDS	LAE TRAVELLERS INN	HOSPITALITY
13. SAMADHI LEWIS	HORNIBROOK NGI LTD	CONSTRUCTION
14. ANGUS KING	CHEMCARE GROUP	RETAIL
15. RAJITHA RATWATTE	THEODISTS	RETAIL STATIONARY
16. PAUL SAVAGE	RABTRAD	WHOLESALE



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**Lae Chamber of  
Commerce Inc.  
2014  
EXECUTIVE COUNCIL**

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Alan McLay

Snr Vice President

Nigel Merrick

Jnr Vice President  
Robert Howden

Treasurer  
Alison Judd

Councillors

Philip Franklin  
Peter Diezmann  
Kaity Bluett  
Dennis Brewster  
Terry Fuer  
Danny Kepi  
Andrew Gunn  
Belinda Edwards  
Samadhi Lewis  
Angus King  
Rajitha Ratwatte  
Paul Savage

**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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## **LAE ROAD WORKS**

As you will be aware the Kamkumung Bridge was re-opened at noon yesterday, in a fanfare with the National Works Minister Francis Awesa doing the honours. This will be relief to the Butibum people as well as the travellers from Taraka and beyond. As I mentioned last week, this will be only a partial relief to the traffic problems however as the Andersons roundabout is still closed and the work on Milfordhaven road past the National Polytech has closed off this road as well. Vehicles have to thread their way through the side streets at Eriku and have to avoid the chaotic situation at the temporary bus stops in Chayter and Buchanan Streets. We advise that residents in the normally peaceful Roads – Parer, Gurney, Doyle, Triste, Ferguson, Pine and Drayton Streets/Avenues now have to put up with excessive traffic, bringing copious quantities of dust. When driving down these roadways, please bear a thought for the residents and keep the speed down and drive carefully.

## **SHORNCLIFFE CONTRACTED ROAD WORKS**

Shorncliffe PNG Limited have provided the following traffic management notices for their Lae city road projects:

- 1. Kwila Road Area**
  - a. Hibiscus Rd from Kwila Rd Junction to Huon Rd Junction will be closed for asphalt work starting Friday (March 28).
  - b. **Cassia Crescent Rd from Hibiscus Rd Junction to Casuarina Ave Junction** will be closed for asphalt work starting Sat (March 29). These two sections of the roads will be reopened by Monday (March 31st).
- 2. Milford Haven Road**
  - a. Section from Bumbu Rd Junction to Doyle Street Junction will remain closed. Resident access to Pine Street and Lae Polytechnic College is allowed.
  - b. Residents can access Drayton St and Cross St from Bumbu road.
  - c. Traffic can access Bumbu Road via feeder streets (Gurney Street, Parer Street and Doyle Street). Details can be found in the attached traffic management plan.
- 3. Mangola Street**
  - a. Shorncliffe will start work on the section of Mangola Street from Marsina Street Junction to Bumbu Rd Junction this Saturday (March 29). Details can be found in the attached traffic management plan.
- 4. Jawani Street** is open to residents.
- Cassowary Road** is open to residents.
- Section of Butibum Road** (in front of Yacht club) will be closed for another four-six weeks.

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- 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.

## OFFICIAL ADDRESS AND CONTACT

Chairman, Host Organising Committee,  
PNG Games 2014,  
C/- P O Box 1991, LAE  
411  
Morobe Province.

**Telephones:**  
4791200/1/2; 4791220  
**Facsimile:** 4791550  
**Email:** [png-games2014@global.net.pg](mailto:png-games2014@global.net.pg)

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## LAE ROADWORKS (Cont)

### Mangola Traffic Management Plan

Section-1 (PNG Ports Main Gate to Intersection of Marsina St/Mangola St)

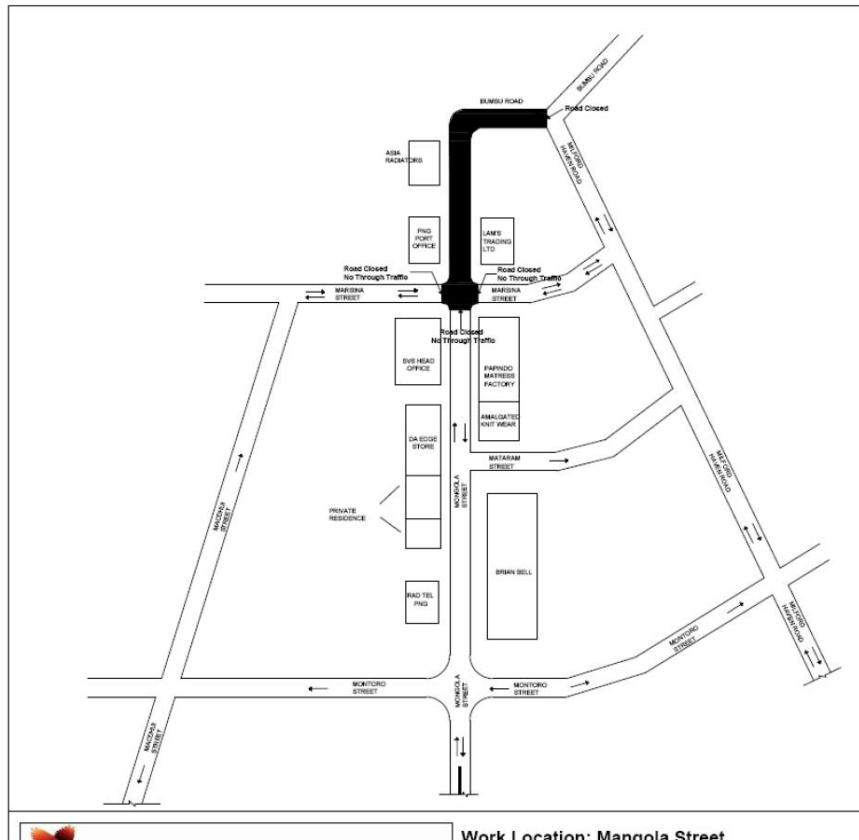
Tentative Period of Closing: 8 to 9 Weeks (Varies if any weather inclement)

Closing Date: 29<sup>th</sup> Mar'14

Tentative Opening Date: 31<sup>st</sup> May'14

#### Traffic Diversions & Detour:

1. No through Traffic access on Marsina Street for the vehicles passing through this intersection of Marsina/Mangola
2. Limited Access only for PNG Ports Offices & Lam's Trading on Marsina Street
3. Traffic on Mangola St to Main Wharf shall be detoured on via. Mataram St/Montoro St – Milford Haven
4. Regular Traffic is not allowed between section during the construction Period
5. Inbound/Outbound traffic to Marsina St by accessing Milford Haven Rd/Mataram/Mcdhui St. /Montoro St to their respective locations.



Work Location: Mangola Street

Description: Mangola/ Marsina Street  
Intersection to Bumbu/ Milford Haven Road

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As advised last week we will be honoured by a visit by Minister McCully, who will lead a high profile business and trade delegation to Lae on 8th April 2014.

Currently the delegation includes 6 major NZ companies as well as NZPNG Business Council President Stephen Eagle and Trade Commissioner to the Pacific Mike Greenslade.

Bio data on the Business Delegation members will be circulated next week.

Mr McCully has a busy schedule but has agreed to attend a lunch with the Lae Chamber of Commerce members at **12:00 noon on the 8<sup>th</sup> April 2014**. A venue has not yet been decided but we will send out our invitations next week once details have been confirmed.

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### LAE ROADWORKS (Cont)

#### Milford Haven Road (Past Polytech) TMP



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### **BRIEF ANNUAL REPORT FOR AGM**

The following is a copy of the brief report as vocalized by President Alan McLay at the AGM last night. The full report is part of the Minutes and will be sent to members shortly. This report is not a full record of the functions of the Chambers throughout the year.

"I take great pleasure in presenting the Annual Report of the Lae Chamber of Commerce Incorporated for the year 2013. I believe that the Chamber continued to be successful in a difficult year where infrastructural problems caused more than the normal disruptions to business. There is no doubt that chamber councillors and executive worked hard to get a better deal for the Private sector in Lae and Morobe Province."

#### **THE CHAMBERS FOCUS**

##### **INFRASTRUCTURE**

##### **LAE ROADS**

"The Lae Chamber of Commerce's effort to have the Lae Roads Upgraded goes back to the early 1990's, when the Industrial roads in the City were collapsing. The Lae Chamber took a lead role in seeking a solution, which eventually led to the Australian Government stepping in to reconstruct the Industrial Roads. These roads are now in need of being redone, but that is only because they have been neglected for 14 years.

"Ever since we have been of course instrumental in keeping the Government focused on Road Maintenance and our constant pressure has actually led to the current LCRRP. The current 7 contracts being undertaken by 4 separate contractors, many who have been remiss in their responsibility to advise the public of road closures and general works, has led to the near impossible situation where it has been difficult to get from one side of the city to the other. The LCCI has been effective in getting the required information out and to actually get the contractors to take into consideration the need to keep the traffic flowing, whilst undertaking their repairs. "

##### **ELECTRICITY**

"PPL are having enormous problems as a dispute between Senior Management and the Board has spilled out into the media, amidst allegations of mismanagement, theft and conflicts of interest. This has obviously affected the morale of the Management and employees in the regional centres, as an unnamed staff made allegations in Tuesday's Post Courier of new generators that are already installed in Lae that cannot be operated waiting for the IPBC to sign them off. I have received confirmation from authorities that this scandalous situation is correct. There can be no doubt that if this 12 MW of power is brought on line, there will be no further need to load shed when the Ramu power is switched off, as is the current situation (the CEO of the IPBC sent me a confidential note this morning which amongst other things, confirmed that these generators are in Taraka. He did not mention when and if the agreement will be signed)."

##### **CRIME**

"Lae continues to suffer from rampant crime in the city and the outskirts. Gangs frequently hold up stores and petty crime is creeping back at the bus stops and the streets are not safe. We always work closely with the Police and we have regular reports from the major Security Companies in Lae



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## **CONTACTS TO PNG FIRE SERVICES LAE FIRE STATION**

Phone numbers.  
4720252 - Acting Commander Alphonse Amia  
Emergency Numbers are still the ones in the directory which are:  
**472 4818 or 4724333**  
or Digicel subscribers (cell phones) can call on toll free number 110.

Telikom PNG have kindly donated two wireless telephones that can be reached should the emergency numbers be out of order –

**77526952 & 77526953**

## **WATER PNG**

As mentioned by Notice yesterday one of the Taraka bore pumps burnt out yesterday. Work took place today uplifting the burnt Bore pump with a crane, then slotting in a new Pump and its electrical works.

Water is currently off throughout the city. It will take some time for the header tanks to fill so as to have enough pressure. There is likely to be a shortage of water in Lae for some time yet.

Angau are given the utmost priority.



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## **BRIEF ANNUAL REPORT FOR AGM (Cont)**

"One of the problems with the road works in the city is the slowdown of traffic, which is taken advantage of by criminals, who regularly hold up vehicles. The hot spots at the moment are the Butibum Road diversion and the miles area, particularly at 4 and 5 mile. We continue to provide regular notices to members on Criminal activities and we are looking at further ways of providing a deterrent to criminal activities.

"We provide regular advisory notices on Crimes in the City for the benefit of members and recommend locations that are to be avoided."

### **GENERAL**

"I would like to thank all the LCCI councilors for their time and dedication to effectively represent our private sector on all these occasions.

"We continue to produce the weekly newsletter which is certainly a well sort after editorial. We are in the process of setting up a new Media Division, and we will recruit staff to make the newsletter an even more valuable document as well as keeping the website up to date and relevant, to be better value to advertisers. This division will also be charged with developing Television and Radio programs and setting up a member's benefits program.

"The membership of the chambers has continued to steadily increase, and sits currently at 285 members. This has been a growth of 10% each year since 2010, which displays a confidence in the LCCI as an organization and its effort to strengthen the Private Sector.

"I would like to thank the outgoing Councilors for the work they have performed. Our long serving Treasurer Stephen Beach has decided to step down and has nominated his compatriot Alison to take over this role. Thank you Steve for the time and effort you have devoted to preparing the monthly and the annual financial accounts and the advice you have provided over the years.

"I would like to take the time to especially thank outgoing councilor Mike Quinn for his efforts and participation in a wide range of activities for the past 25 years. Mike has been a backbone of the LCCI holding many positions and portfolios. He held the Senior Vice Presidents role for many years, and was particularly influential as the LCCI representative to the Morobe Provincial Physical Planning Board, from when it was initiated in 1996 to 2010, when the then Governor actually appointed someone to occupy the LCCI position. Mike eventually became the Deputy Chairman of the physical planning Board and actually acted as Chairman on many occasions.

"I would like to welcome the newly elected councilors to the LCCI for 2014 and look forward to working with you as a new team. I personally thank Nigel Merrick as the Senior Vice President and Bob Howden as the Junior Vice President for continuing their support for the Chambers. I am grateful again for the work that the honorary auditors HLB Niugini Limited on the audit and am pleased that they have decided to perform the task again this year.

"I have continued to rely on our Executive Secretary Wendie Garalom, in her role as Special Projects Officer but especially for her assistance with everything in the office where her overall knowledge is invaluable. Her assistant Jenna Rekon has developed particularly well during the year and has proved she is more than capable of handling the day to day activities of the Chambers.

"The year 2014 has commenced well with the never ending challenges we face, and we trust it will continue to be successful for the chambers in its endeavours to promote a better climate for business activities in the city of Lae and Morobe Province as a whole.

"I would finally like to thank the members for their continued support of the chambers, after all you and your membership are what keeps the organization going."



The Institute of National Affairs' Paul Barker

### **Business Advantage article of the week!**

**courtesy of**  
[www.businessadvantage.png.com](http://www.businessadvantage.png.com)

*More stories are available on the Business Advantage Website.*

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As you are well aware, managing a business is not easy. The rules are constantly changing and many businesses are not reaching their full potential as they struggle to meet the day to day challenges that confront them.

PwC Lae are holding a series of Business Improvement Process seminars aimed at helping private business owners manage their business effectively. PwC's Private Clients Business Improvement Process is designed to focus your team on the big picture, whilst employing the necessary controls to manage ongoing business performance.

To register your interest in attending a Business Improvement Seminar in Lae, please contact Madlyne Lovai on phone 472 2644 email – [madlyne.lovai@pg.pwc.com](mailto:madlyne.lovai@pg.pwc.com), or Stephen Beach - [stephen.beach@pg.pwc.com](mailto:stephen.beach@pg.pwc.com)

## **Business Advantage PNG**

YOUR GATEWAY TO PAPUA NEW GUINEA AND THE REGION

### **Opinion: Oil Search loan deal will affect Papua New Guinea's Sovereign Wealth Fund**

26 Mar 2014 by [Paul Barker](#) [Leave a Comment](#)

**Papua New Guinea's proposed Sovereign Wealth Fund was intended to stabilise the kina and secure assets for the future. But, as Paul Barker from the Institute of National Affairs argues, the government's borrowing plan for Oil Search shares may jeopardise the fund's effectiveness.**

The proposed [Sovereign Wealth Fund](#) (SWF) is somewhat jokingly referred to by some as the Sovereign Wealth Vacuum, as we await the government to release its revised legislation setting up the fund.

The original idea was to put income from resource projects into the fund (held largely in safe offshore securities) and use those investments to stabilise the currency and provide some core development expenditure, whilst providing confidence for investors etc in PNG's economic management.

But the government's [plan](#) to borrow K1.7 billion (A\$1.2 billion) for a stake in Oil Search, and by extension invest in PNG's potential second LNG project, means it is effectively pre-borrowing from the fund.

There are invariably some risks associated with a sovereign fund, including those associated with foreign exchange, investments and also the temptation a pot of money provides. But, in borrowing, the government is taking on the extra burden of interest payments too.

#### **Pre-borrowing**

Effectively, that's what PNG did a few years ago. We [borrowed](#) from the International Petroleum Investment Company (IPEC) to be able to participate in the ExxonMobil-led PNG LNG project, basically mortgaging the existing equity the state had in gas via its stake in Oil Search; a circuitous and costly arrangement.

*'It raises what the purpose of government is and the purpose of the SWF, if we pre-borrow everything in advance.'*

During that process, the mortgaged shares in Oil Search appreciated to the point where it was going to cost a lot more money to retain or regain them.

The argument now is that the current Oil Search deal may be better deal than trying to regain them from IPEC but it's still a lot of money and it remains speculative. It also raises PNG's debt levels and diverts public funds from the core functions of government.

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## BUSINESS ADVANTAGE ARTICLE (Cont)

Maybe it is a good deal if you're a business investor, as Prime Minister Peter O'Neill [claims](#), but if we pre-borrow everything in advance, what will be left?

It also raises the question of what the purpose of government is and the purpose of the SWF. And then how does this deal relate to the State's equity entitlement in the proposed Elk-Antelope fields? It also defers the day when the SWF could become substantially operable.

**PNG's Sovereign Wealth Fund and Oil Search: the state of play**

The PNG Government is pre-borrowing from expected LNG revenues to buy a stake in Oil Search; By borrowing, the government is taking on the extra burden of interest; The Oil Search deal raises PNG's debt levels and diverts public funds from the core functions of government;

By borrowing in advance from the PNG Mineral Resources Stabilisation Fund during the mid-1990s, the fund's economic and currency stabilisation role was substantially undermined; The PNG Ombudsman is inquiring into the probity of the Oil Search loan. Before any funds go into the SWF, the government has to pay off the interest to UBS on this new Oil Search loan and, in due course, the principal too. The SWF was meant to accumulate funds first, and then invest.

#### Past mistakes

We need to [avoid repeating](#) what happened with the PNG Mineral Resources Stabilisation Fund, which was pre-committed during the minerals boom years of the mid-1990s. Its economic and currency stabilisation role was substantially undermined.

At least this loan deal is significantly more transparent than the original PNG LNG deal, which was struck behind closed doors, leaving out even the Department of Treasury. Treasury has been involved this time, to some degree, as has the central bank and other government institutions. And there was a tender arrangement, which involved UBS, Barclays and others participating in that process.

One of the longest-surviving and most successful funds in the world is the 1956 Kiribati Revenue Equalization Reserve Fund, which is [valued](#) at about A\$570.5 million (K1.44 billion). This has provided a future fund and stabilisation role for Kiribati over decades, as it has only started being drawn down recently.

When, and if, the SWF begins, its managers need to use the sorts of methodologies that the Norwegian Petroleum Fund (the world's largest) has employed, in terms of selection of investments.

As with superannuation funds, there should be requirements to minimise the risk and spreading investment as widely as possible, including government securities.

#### Ombudsman's inquiry

Revelations this week that the PNG Ombudsman is using powers to check the probity of the Oil Search loan is not a move to stop the acquisition.

As the Chief Ombudsman has stated, they're not trying to intervene in economic decision-making or the government's developmental functions, they're just checking the legality of the process, because there are a number of laws and processes in place to ensure sound debt and fiscal management, such as the Fiscal Responsibility Act, which sets ceilings and levels on borrowings to which the government is allowed to commit itself.

Those legal questions were raised by the former Treasurer, Don Polye, when he stated that the due process, notably referral to Parliament, was not followed.

The Ombudsman should also perhaps use his powers to inquire into the seemingly over-priced contracts for pharmaceutical acquisitions, certain road tenders and the Pacific Games Village, where K100 million more than the cheapest acceptable bid seems to have been accepted.

*Paul Barker is Executive Director of Papua New Guinea's Institute of National Affairs, an industry-funded think-tank.*

**Don't forget the National Apprenticeship & Trade Testing awareness at 10 AM at the Lae International Hotel on this coming Monday**



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**Book in Now!!**

**To attend our annual cocktail function with the governor of the bank of PNG**

This is Free event features the much sort after Policy Statement.

## **Join us for Cocktails Bulolo Room at the Lae International Hotel**

You will be the guest of

**Governor Loi Bakani**  
Governor, Bank of PNG

who will speak to us on the

**“ 2014 Monetary Policy Statement”**

**VENUE : Lae International Hotel**

**WHEN : Monday 31<sup>st</sup> March**

**TIME : 5:30 PM to 7:30 PM**

Please respond to attend to Jenna on 472 2340 or [admin@lcci.org.pg](mailto:admin@lcci.org.pg)

## **WAGI VALLEY TRANSPORT**

### **ACCOUNTANT**

Short Term assignment three to four months, familiar with MYOB, GST, IRC Tax Returns and auditing experience.

To Review company accounting records and oversee Creditors and Debtors data entry.

Reply: Managing Director  
Wagi Valley Transport Ltd  
PO Box 648  
Lae 411  
Phone: 472 2443  
Fax: 472 5748  
Email: [cobro.wvtlae@global.net.pg](mailto:cobro.wvtlae@global.net.pg)

## CREDIT & DATA BUREAU

If you are interested in checking ID, credit history or recovering your bad debts, Bruce Mackinlay will be in Lae next week and available from Wednesday until Friday morning. He will be calling on current members but he is also interested in meeting potential new members and will be happy to call in and demonstrate how CDB services can help.

Here is some basic information about Credit & Data Bureau:

CDB is now well-established with our online credit checking and default listing services. Our website ([www.cdb.com.pg](http://www.cdb.com.pg)) has all the basic information about us and what we do. With the major banks, and other members representing a broad cross section of the business and finance community, our database is growing rapidly. We now have over 195,000 consumer records, 17,451 company records and around K200 million of debt listing loaded on the database. **Members have received more than K66.7 million in debt recoveries since we commenced in early 2009.**

### Upcoming Communication Mastery Training in Cairns with MTO Training

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- Communicating clearly rather than just raising your volume
- Resisting the urge to respond and make your communication more effective
- Differing ways that people view the world and how to speak their language.

**Details:**

**Location:** MTO Training Centre at 37 Anderson Street Manunda Cairns QLD 4870

**Cost:** AUD\$550.00 plus GST

**When:** Saturday April 5<sup>th</sup> 2014

**Bookings** now and close 27<sup>th</sup> March 2014

Kind Regards

Ian McLeod | Managing Director | MTO Group PTY LTD | T: +61 (0)7 4033 0130 | M: +61 (0)438 954 481 | [ian@industrytraining.org](mailto:ian@industrytraining.org) | [www.mtogroup.com.au](http://www.mtogroup.com.au) | 3/37 Anderson Street Manunda Cairns QLD 4870 | McLeod Training Organisation PTY LTD | MTO Training PNG LTD | Safety Management Systems International PTY LTD | HS Business School |