

Lae Chamber of Commerce Inc. **Weekly News Update**

07 March 2014 **VOLUME: 09 - 14**

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

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FROM THE PRESIDENTS DESK

www.postcourier.com.pg

McLay: Involve rate payers in urban local level govt elections

By HAIVETA KIVIA

RATE payers must have more say and involvement in the election and formation of Urban Local Level Governments, says the president of Lae Chamber of Commerce and Industry Allan McLay

Mr McLay appeared before the Commission of Inquiry into the Organic Law on Provincial and Local Level Government in Lae and said rate payers are missing out in total as to how their money paid as rates to the urban local level governments is used.

The former administrative officer and one time city manager of Lae said there is great conflict of interest in the governance and election of the urban local level governments where rate payers have very little say.

He said the election of mayors and councillors of urban local level governments should not be conducted using the National Election Roll but from a registry of rate payers in any city or town.

He said many of the people on the national election roll are not rate payers of the city and therefore are not stake holders of the city.

He said the mayors and councillors may not be rate payers, yet they make decisions on how the council rates are used and the rate payers have no say on how their rate money should be spent.

Mr McLay also asked the Col to recommend meeting schedules for urban local level governments so that it becomes compulsory to meet at these required times.

He said 'Financial Reporting' must be mandatory and inspections must be carried out regularly. He said rates and fees within the urban settings are set without mechanisms, including the view of the public and the rate payers.

Hence some rates and fees are unrealistic, complicated and are

difficult," he said. He said the functions of urban local governments such as providing engineering facilities for roads, drainage, drafting and designing, city planning, health inspection, store cleanliness', restaurant health and safety, licensing, city refuse and collection, have been lost.

He said chairmanships for liquor licensing, lands and physical planning are placed on presidents from rural local level governments.

Mr McLay asked if the local level governments be abolished and representatives from districts be assigned to the provincial government or provincial government be abolished and a consortium of local level governments be set up to govern the provinces.

THE LCCI VIEWPOINT

On Friday the visiting Constitutional Reform Commission to review the Organic Law on Provincial Governments and Local Level Governments provided a good opportunity to express our concerns about the Provincial Government system but more importantly with the Urban Local Level Government system. We have been arguing for years that the Trading Licence system is wrong - it is too complicated with 104 different types of licence fees applicable, which makes it difficult to invoice, to collect and to maintain records. On failing to maintain the records, the Inspectors are now going around resorting in threats unless companies pay the backlog of licence fees, BUT without records how can these be paid?

The LCCI has been telling the LULLG for years, that if they get a simple and more equitable system then we can assist them collect the fees - we even offered to do the collection from members for them on an agency basis, if they just simplified the system. Our offer extended to collecting Land Rates, Garbage Rates, and Signage fees etc., which will simplify the collections and save a lot of the hassles they currently face.

This article in today's Post Courier highlighted some of the LCCI stand on the election process for the LULLG (although some of what was reported is a bit mixed up).

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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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DEKENAI CONSTRUCTION LTD PROVIDE FOLLOWING TRAFFIC MANAGEMENT PLAN

RE: CONTRACT NO: SC31-PR-13BY - REHABILITATION AND UPGRADING OF LAE CITY ROADS – STAGE 3: PAVEMENT STABILISATION AND CONCRETE SURFACING OF AIRCORPS ROAD FROM MOROBE AVENUE/AIR CORPS ROAD TO MARKAHAM/BUTIBUM ROAD

Traffic Management Plan – SVS Roundabout to Stevens Retail Shop.

The Contractor would like to inform you of a traffic management plan to redirect and manage the traffic flow as the work progresses to the section of the road between SVS Roundabout and Stevens Retail Shop. Attached herewith is the schematic illustrating the Traffic Management Plan.

- Both lanes of Aircorps Road will be blocked off to traffic at approximately 240m starting from the SVS Roundabout through to Stevens Retail Shop, allowing only residential vehicles along Karimata St to have access.
- As per the traffic plan, Vehicles with a destination to Inter-oil, Mobil and SP Brewery and other business houses located along that part of Aircorps road, travelling on Mangola st. Will be routed via Malaita St. And Macdhui St and vice -versa.
- Through traffic entering the roundabout (SVS) will maintain the through routes without taking the Left turn.
- Any bus-stop services along the section of Aircorps Road will be catered along the Malekula St. to ease normal PMV services.

The Contractor further advises as per the intention of this traffic Management plan that it will take effect on Monday, 10th of March 2014 and appeal to all business houses to adhere for a smooth and efficient traffic flow.





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Business Advantage article of the week!

courtesy of

www.businessadvantage png.com

More stories are available on the Business Advantage Website.

Business Advantage



The latest Made in PNG Magazine will be available soon from the LCCI. We will advise when it has arrived and is ready for you to collect.

Making a better

Business Advantage PNG YOUR GATEWAY TO PAPUA NEW GUINEA AND THE REGION

Papua New Guinea's manufacturers seek level playing field on cheap imports

4 Feb 2014 by Business Advantage 1 Comment

Cheap imports into Papua New Guinea are posing an increasing threat to local producers, with reports of foreign companies 'dumping' goods in PNG or under-declaring the value of imports.

Imports are essential for any economy to function properly, but dumping—the importation of goods at or below their cost of production—is causing headaches for some of PNG's producers.

The General Manager of Goodman Fielder's operation in PNG, Peter Tannahill, estimates the company loses significant sales volume as a result of cheap and inferior flour imports.

When flour is transported in containers across the oceans and then sits on wharves for an extended period of time, it starts to deteriorate, he says.

'We have a lot of flour that comes in, and quite honestly people get lured into buying it at very, very cheap prices. Often it's because overseas suppliers are trying to clear it because they've carried it for a couple of weeks or a couple of months and its starting to deteriorate. So, they start dumping it in the market, and it causes absolute chaos.'

'We don't want tariffs to come down any further. They've already dropped by about 80% since the 1990s.'

Greg Worthington-Eyre from rice producer Trukai Industries sees blended varieties, 'broken' rice used in desserts, and the threat of cheap rice from Thailand as changing the dynamics in the lower end of the market.

He says the Thai government has been buying and storing rice worth about US\$ 25 billion, expecting prices to rise.



The PNG Games will be held in Lae in 2014



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 6th PNG Games in Lae from 16- 29th November 2014 will very much depend on how we the stakeholders and the community in Lae and Morobe Province interact and cooperate
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- 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:pnggames2014@global.net.p

Location: Ground Floor, **PNG Sports Foundation** Momase Region Sir Ignatius Kilage Indoor Stadium





BUSINESS ADVANTAGE ARTICLE (Cont)

Impact on livestock

While he does not regard it as dumping, Phil Leahy, Managing Director of Zenag Chicken, says the importation of cheap poultry has meant Zenag will be winding down its chicken farming and processing section.

Another chicken producer, Mainland Holdings-owned Tablebirds, is also affected by cheap imports, according to its Corporate Affairs and Research Manager, Dr Keith Galgal.

'Imported products are landed in Papua New Guinea at costs lower than our costs of production, so the first thing we have to do is look at ways we can reduce our cost of production—to be competitive without comprising quality.' The company is looking to reduce the cost of stock feed by using local alternatives to imported wheat and soy bean, such as cassava root flour and fishmeal, a by-product of PNG's fast-developing fish processing industry.

Michael Kingston, General Manager of industrial supplies manufacturer K K Kingston, says cheap imported toilet paper is the main product category affecting his business.

'Toilet paper is also used by some companies to top up a container. They are then happy to distribute it in the market very cheaply,' he says.

Meanwhile, Stan Joyce, General Manager of S P Brewery—PNG's only major brewer—points out that excisable products such as beer are protected from cheap imports or dumping. Nevertheless, he is adopting a wait-and-see attitude towards its recently-launched Heineken brew 'as to whether or not people try to do that to us'.

Falling tariffs threaten sector

While he acknowledges that imports are an inevitable part of the competitive landscape—and, in many instances, in the best interests of consumers—Murray Woo, Chairman of the Manufacturers Council of PNG, says his members want a level playing field, so they can compete effectively and to continue to provide employment to Papua New Guineans.

The high cost of doing business makes things hard enough for manufacturers as it is, but an area of particular concern is falling tariffs. Under APEC, of which PNG is a member, tariffs are due to disappear altogether by 2020.

'We don't want tariffs to come down any further. They've already dropped by about 80% since the 1990s,' says Woo.

'Even with tariffs averaging 20%, imports are still typically 15% cheaper as it is.'

Woo believes a compromise would be to reduce tariffs on those goods PNG does not produce, which would deliver lower prices on many imported goods, while still supporting local industry.

This article first published in Made in PNG 2014, which is published by Business Advantage International this month, in association with the Manufacturers Council of Papua New Guinea.

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Further Business Advantage Article



ExxonMobil PNG's Peter Graham



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The finish line for PNG LNG gas project is in sight, says ExxonMobil's Graham

4 Mar 2014 by Business Advantage Leave a Comment

As Papua New Guinea's largest resources project edges closer to completion, *Business Advantage PNG* speaks exclusively with Peter Graham, the man who has led the PNG LNG gas project since Day One. In this first part of a two-part interview, the Managing Director of ExxonMobil PNG provides an update on the project's progress.

Business Advantage PNG: At what stage does the PNG LNG project find itself, at the start of 2014?

Peter Graham: Different aspects of the project are more advanced than others, but the project overall is more than 95% complete.

Starting from the Highlands area and working down: the drilling is going exceptionally well. Two wells are being drilled on each of four well pads. So far, we have successfully completed five of eight planned production wells at Hides.

The Komo Airfield in the Highlands was finished in April 2013, and then 88 loads were delivered by Antonov aircraft—loads that were too large or too sensitive to transport along the Highlands Highway. Then all of that equipment was shifted directly to the Hides Gas Conditioning Plant and installed. That was a fantastic achievement—to get the airfield finished and then move the equipment that final 20 kilometres by road to its final resting place at Hides.

'The finish line is very clear at this point in time. Now, it's a matter of being sure that all of the components of the Project come together for a safe start-up.'

Coming down the pipeline from the Highlands: construction of the pipeline is also doing very, well. There are two pipelines, in fact, between Kutubu and Hides—one's for the liquid condensate and one's for the gas. Construction is progressing from south to north. For the smaller of the two pipelines—the eight-inch pipeline for the condensate—welding is complete. Meanwhile, the 32-inch pipeline that will convey the gas, is also nearing completion and we're progressively testing the line.

BAPNG: It will all be below ground?

Peter Graham: The pipeline will be buried. Construction has been particularly challenging as the pipeline runs right along the top of ridges, up some very steep terrain and then back down into the valleys. The contractor has done an outstanding job in getting through very difficult conditions. The offshore pipeline was completed earlier in 2013.

Finally, the LNG plant located close to Port Moresby is also doing very, very well. Last year, gas started moving from Kutubu down the pipeline south to the LNG plant—not to produce LNG yet, but to commission various components of the LNG plant. So now, if you fly over the plant at night, the site is lit up.



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BUSINESS ADVANTAGE ARTICLE (Cont)



Train 1 of the massive PNG LNG gas plant, 20km north-west of Port Moresby. Credit: ExxonMobil Power is being generated on site, and we're progressively commissioning the various components on Train One of the LNG plant, then we'll progress across to Train Two.

Gas is also now also moving from Kutubu north to start the commissioning of the Hides Gas Conditioning Plant. When that's complete, we'll start flowing gas from the Hides wells to the Hides Gas Conditioning Plant and down to the LNG Plant to start the production of LNG. Liquids separated at the Hides Gas Conditioning Plant will also flow south to the Oil Search-operated Kutubu Central Processing Facility where they will be blended with oil and exported through the existing, upgraded oil export system. The first cargo of LNG will be in the third quarter of this year, and we're confident of meeting that schedule. At steady-state production, we need the equivalent of six ships in total to ship the cargoes.

BAPNG: You must be very excited at this stage.

Peter Graham: Everyone is. The finish line is very clear at this point in time. Now, it's a matter of being sure that all of the components of the Project come together for a safe start-up.

The operations and maintenance team are now onsite at both plants, 'walking down' the procedures and getting ready progressively to take control of the facilities. At the LNG Plant, they have already taken care, custody and control of the utilities area, so they now manage the power supply and the water and other utilities, and will progressively take over the entire facility.

The transition from construction to operations involves a major effort on training, including competency assessments to validate that the operations team is ready for start-up.

In Part Two (due 12 March):

Peter Graham considers the PNG LNG project's flow-on benefits and ExxonMobil's future in PNG. Plus, what will happen to the 14,700 workers currently working on the project? See **Business Advantage**



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PNG Power have announced Load Shedding for this coming Sunday in Lae

See the adjacent Schedule

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If you need more details contact us on 472 2340.

Check the LCCI for details of the special deal throughout March!!

PNG POWER Ltd			LAE LOAD SHEDDING SCHEDULE
DAY	SUB	AREA AFFECTED	Costs designed to the TIME was now of the
SUNDAY 09/03/14	POWER	Market Ela Motors, Hella Cement, SP Bank	8AM - 9AM, 11AM - 12PM, 2PM - 3PM
		JStadium, C/Town, Yacht Club, hospital	se plus produces and control of the second o
		Air Corps Rd, Shell, SP Brewery, Stadium	9AM - 10AM, 12PM -1PM, 3PM - 4PM
		Abel Tasman St, Milford Rd, Main Wharf	10AM - 11AM, 1PM - 2PM, 4PM - 5PM
		Top Town, Telikom, Huon Rd, China Town	Her Hidding III
		Highway, Morobe Ave, Papua Compound	

Milford load shedding schedule is provided as a guide and is based on the available generation capacity from Milford Power Station as Taraka & Milford 66kv Line (L509) is on Emergency plan work. Changes in the schedule may change without notice in the event of supply being interruped by natural causes. Customers with own standby sets are therefore requested to supply own instations until the supply is being restored.

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CRIME AND ROAD WORKS

How much can we associate the recent increase in Crime to the current road works? In our estimation most of the upsurge in crime can be attributed in some way to the road works, and the subsequent slowdown in traffic throughout Lae City and the city perimeters. Even the audacious robberies in stores and service stations can be attributed in part to the road works, as the slow moving traffic makes it easy for the criminals to escape from pursuing police or security vehicles.

The City residents have been told to put up with the inconvenience of the road works as eventually the city will be blessed with a better system. I can guarantee that the Private Sector continues to show the patience that we displayed 4 years ago when the roads started to be upgraded, and we are still prepared to do so.

The LCCI has been stating for years that slow moving traffic makes an easy target for criminals, but even armed with this understanding, it did not prepare us for the extent of the crime we are experiencing in Lae at the moment. In brief the trouble spots are:

1. Butibum Road which is being used as a bypass for the closed Kamkumung Bridge. There are small gangs working on slow moving vehicles, particularly those that have become isolated from the rest of the lines or convoys of vehicles. Unlocked doors are opened and goods snatched. These gangs have become bolder recently and some are now armed with guns and other weapons, and operate even in broad daylight. The Police have traffic officers on point duty to direct traffic at the Busu/Butibum Road Junction at some peak times, but patrolling

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.

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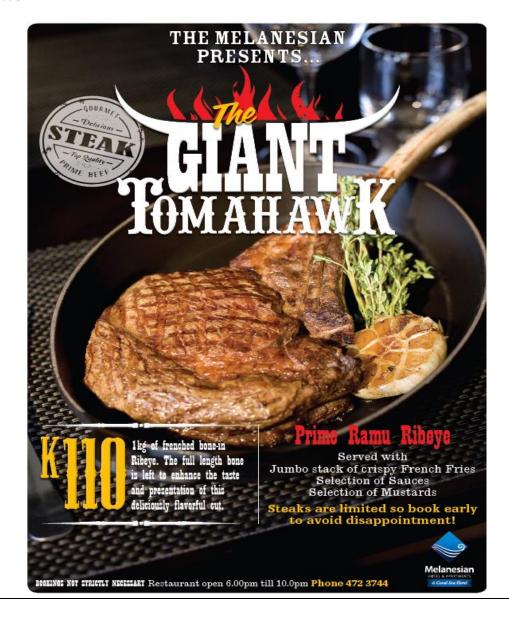
- the road is very rare. We advise that drivers must be on their guard at all times when driving on the Butibum Road and lock all windows and doors. Do not stop unless it is unavoidable.
- 2. Miles Area particularly the 4 and 5 miles section. The withdrawal of the road maintenance teams on the Lae to Nadzab section of the road, in lieu of the new contractors doing the 4 lane highway and taking on the maintenance obligation, has resulted in the collapse of many sections of the Highlands Highway. The traffic flow has been affected especially in peak times, when the movement is so slow that criminals have taken advantage of it. The thugs on this section are well organised with factory made and homemade guns, knives and other weapons. Usually there are between 5 and 10 gang members operating. Again take all the precautions mentioned in point 1 above.
- 3. Voco Point, where Airways Avenue is being used as a bypass road. Gangs have used the congestion to steal vehicles which have later been used in shop robberies in the city. Secure all vehicles when parking in this area, as well as follow the above suggestions when driving on the bypass road.
- 4. Cassowary Road area. Hawk Street and Cassowary Road are now being upgraded, and vehicle movement is limited. Gunshots rang out this morning as the Police Task Force chased a gang along one of the adjoining Streets. It is expected that criminals will now move into this area as the road works progress. Therefore take extreme care in the area.

We have spoken at length with the police but they have plenty on their plate with the normal crime in the city, and the ever brewing ethnic fights. Also the Bugandi school kids fight has taken a lot of their time and resources. The Police state that they will do their best to kerb the escalating crime situation in Lae but with no extra police and budgetary restrictions they find it most challenging indeed.

The LCCI will continue to send notices to members of crime incidences and occurrences, as it is important for everyone to be aware of the hot spots in the city so precautions and avoidance action can be made.



The latest February/
March edition of the
PNG Report has just
been received at the
Lae Chamber office.
You are invited to collect your free copy.



HBS

Partners In Progress

Dear Valued Client,

Greetings!

Our Company, HBS (PNG) Ltd. is a fully diverse company based in several locations in Papua New Guinea including Lae, Wafi, Hidden Valley, Hides, Mt. Hagen and with on-going expansion in other locations to serve and satisfy more business partners. Underpinned by strong ethics and principles of fair business, we work with our communities to build a sustainable future for our business, our staff, and for our nation.

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HBS welcomes the visitors with pride to its residential units in HBS Village camp located in Lae where the residents can have a relaxing view of the surrounding mountains of Morobe. The top-of-the line accommodation houses are available for lease and for sale to valued clients. The camp offers different packages for corporate requirements, along with its high level of customer service standards in housekeeping, facility maintenance, security, and food services. HBS Village accommodation units range from guest houses to country homes of different sizes and structure materials that match the preference of valued clients for total living comfort.

Big Enough To Make A Difference, Small Enough To Care

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Should you be interested in any of our business solutions, we would be more than glad to collaborate with you at your most convenient time.

Thank you and warm regards,

HBS (PNG) Ltd

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