

Mr Thomas Abe.
Independent Consumer & Competition Commission.

Re Draft Report
Review of the PNG Coastal Shipping Industry .

We own six coastal vessels seeing in size from 10 metres to 35 metres. They serve North Coast East New Britain, West Coast New Ireland, Duke of York, and the all Bougainville Ports.

We carry our own cargo as well as for others. Our main trade is the movement of Cocoa ex Bougainville to Rabaul for Export.

We have just finalised plans for a new vessel 37 metres long and we intend to build three of these over the next three years. Two of our old (27 and 29 years) vessels will be sold.

It is interesting to note that no new vessels of this "medium" size have come into the PNG Coasting trade for many years. Possibly the last vessel to do so is one of ours that is 29 metres long and is now 12 years old.

Due to the very high cost of Repairs & Maintenance on our old ships as Shipping Division has lost money every year for the past six years. We are quite prepared to open our books to show these losses.

We believe that the aly way we can make profits is by operating new or very near new vessels.

However we do have a major concern that old "cheap" foreign flayged vessels can vome into PNG and compete with us.

This has happened recently with a vessel named M.V. Boulari. It is 42 years old and from Vanuatu.

It is around 30 to 35 metres long. We now have had thoughts about Registering our new vessel in a Tax have such as Vanuatu and leasing the vessel from a Vanuatu incorporated company.

This would "free" as of many regulations including support of the Maritime College.

This maybe the only quarantee we have of competing against these old "cheap" & probably unsafe & uninsurable ships.

However, so that PNG does not become a dumping ground for old ships as age limit should be imposed on medium sized vessels being sold leased or chartered into PNG. The length could be up to 50 metres and carrying capacity of say up to 600 tonnes.

The age limit on "imported" vessels could be set at 25 years.

This would help encourage investment in new ships to service the intermediate ports. Port In for structure. Rabaul for Coastal ships is not so good. The Provincial Government Wharf which we manage for the Administrator is inadequate. It is subject to silt build up due to poor drainage. Also Rabaul is dusty and the volcanic ash is acidic/corrosive to steel ships.

There are now easily accessible facilities at Kokopo.

We will be building our own barge ramp & wharf out side of Rabaul.

The main Rabaul Wharf is a disgrace.

Little effort is made by PNG Harbours to clean up the dust /ash /mud.

The conditions are very hard on machinery & equipment.

Security is lax. Fences are poor /lacking.

Kokopau at Buka Passage is the biggest Cocoa port on Bougainville. Until recently there was no barge ramp are small wharf at Kokopau. Where as there is an excellent wharf & ramp facility across Buka Passage.

Half of this needs to be at Kokopau.

We have been instrumental in keeping the Kokopau wharf Repaired since the early 1990's.

We recently built a Barge Ramp at Kokopau to attempt to care the congestion.

Unfortunately this cannot be fully utilized yet due to a very hard section of reef that must now be blasted.

The main wharf facilities trade at Lae & Kimbe are inadequate.

This is well known to the ICCC. Lae situation has been aggravated by the increasing size of ships on the Coastal trade. The increase in size has made greater use of the Coastal berths impossible CABOTAGE.

These are good points to remove Cabotage for the main port to main port trade eg; Lae to Pom, Lae to Rabaul & Kimbe. This may even help reduce congestions at Lae.

However, as Swires are very dominant in international services to & from PNG careful consideration needs to be given. Swires own a controlling interest in Steamships who in turn own a share of Consort and have major influence over Consort.

The removal of Cabotage in the main port trade would see Swires come to fully do both Coastal & International shipping.

Swires had a virtual monopoly on the Export trade ex PNG to Asia, Europe & the USA until early this year. The experience of this monopoly was not all that pleasant.

We are PNG's largest exporter of Cocoa handling 65% plus of the crop. We ship almost 32, 000 Tonnes per year.

The entry earlier this year of the Austral Asia Line in to the Export trade to Asia was indeed most welcome.

Cabotage should not be removed in relation to small to medium sized ships up to say 50 metres.

This is to encourage investment in vessel to service the intermediate ports. Services to intermediate ports is essential for rural development.

COASTAL SHIPPING LICENCES

The system of issuing needs overhauling or doing away with in its present form. The C.T.C. due to vessel interests may be involved in situation where a conflict of interest arises.

The C.T.C. should have a break base of membership with few shippowners involved.

PRICE CONTROLS

If there are to be price controls then there should be some restriction in Licences to "guarantee" profit.

Best Regards,
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