



PAPUA NEW GUINEA CHAMBER OF COMMERCE AND INDUSTRY

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27 April 2006

Mr. Thomas Abe
The Commissioner & CEO
Independent Consumer and Competition Commission
P.O. Box 6394, Boroko
PORT MORESBY

Dear Mr. Abe,

ISSUES PAPER: PNG'S SHIPPING INDUSTRY

The Papua New Guinea Chamber of Commerce and Industry acknowledges the release of the issues paper on the PNG Shipping Industry.

This is a brief response to your invitation to comment from interested parties on the scope of services listed in the issues paper.

Generally, businessmen have expressed some concern on justifications for price increases of shipping and essential associated services. However, most concern is that there be efficiency and professionalism in various entities involved in providing services such as clearance of international cargoes.

Yours sincerely,

Michael Mayberry
PNGCCI President

The ICCC seeks comments from the public and any interested parties on the scope of services included below:

FROM THE PNGCCI PERSPECTIVE:

1. Cabotage Services

No comment.

2. Maritime Administration

We are already making comment on Maritime safety directly through our involvement on the National Maritime and Safety Authority (NMSA) and will leave comment to that forum.

3. PNG Harbours Limited

The Chamber has observed a mixed record of performance from PNG Harbours Limited from the times it was the Harbours Board till now. It has operated from profit to loss and back in the black. There have been periods where containers have gone missing under Harbours Board control and this has been very costly to the community.

It has been felt that the corporation of PNG Harbours Limited has been a positive step in bringing it from the red to a positive profit of about seventeen million kina last year. In private discussions with the management of PNG Harbours Limited there is mutual acknowledgement that greater private sector representation on the board would strengthen the efficiency and direction from the top.

4. Shipping Infrastructure

The Government must encourage shipping companies to service less profitable routes and a study should identify these routes and look at some form of subsidisation if required. The problem is that many rural people find it impossible to send produce to the market, and much valuable produce is left to rot on the trees. We could use many examples, but one that comes to mind is the stretch from Lae, to Morobe Patrol Post in Morobe Province, through to Popondetta, Tufi etc in Oro Province. There are no regular shipping services for this route, which was once a major copra and cocoa producing area. As a result of no shipping there is little produce coming out, and as a result poorer people, who struggle to find annual school fees etc.

Small village boats should be encouraged and the problem over fuel prices, beefed up by the Government excise, must be looked at.

It is well known that there are only a couple of the Ports in the country that are profitable. This means that some of the smaller ports that serve a large community are ill maintained. Most of the responsibility of these ports is in the hands of Provincial Governments, who provide no funding. We recommend that Ports should be privatised, and that a proper study be conducted into the actual viability of the smaller ports. If the port is not viable, then a subsidy system should be considered, with the ultimate aim of improving the service to the smaller, less developed areas.

It is recognised that in small ports it may not be economically viable to charge users the full cost of the service. They would only be able to operate on some level of government funding.