



Cairns & Tropical North Queensland's Strategy for Business & Trade with Papua New Guinea

June 2010

Prepared by: **Blockey Consulting**
PH: 0438 382 020
Email: jeremy@blockey.com.au



Cairns & Tropical North Queensland's Strategy for Business & Trade with Papua New Guinea

June 2010

For further information, contact:

Publisher:

Advance Cairns
51 The Esplanade
(PO Box 3065)
Cairns, QLD 4870
Ph: 07 4080 2900
ceo@advancecairns.com

Author:

Jeremy Blockey
Blockey Consulting
PO Box 5187
Cairns, QLD 4870
Ph: 0438 382 020
jeremy@blockey.com.au

Disclaimer: Whilst every care has been taken in the preparation of this report, no reliance can be placed for any purpose whatsoever on the information contained herein or on its completeness. Readers should obtain their own professional advice and make their own assessments before taking any action in relation to information contained in this report. Neither the publisher nor author accept any responsibility or liability for any loss or damage that may arise as a consequence of any person relying on this information, advice or opinion contained herein.

Table of Contents

EXECUTIVE SUMMARY	i
1. INTRODUCTION	1
2. STRATEGIC OBJECTIVE	2
3. WHY CAIRNS	3
4. INDUSTRY & AGENCY ACTIVITIES	6
4.1. ADVANCE CAIRNS	6
4.2. CAIRNS CHAMBER OF COMMERCE	7
4.3. CAIRNS SEAPORT	7
4.4. CAIRNS AIRPORT	9
4.5. STATE GOVERNMENT	9
4.6. FEDERAL GOVERNMENT	10
4.7. THE CAIRNS PRIVATE SECTOR	11
4.8. SHIPPERS	12
4.9. STEERING COMMITTEE	13
5. PNG PROJECTS	14
5.1. EXISTING PNG PROJECTS	15
5.2. NEW PNG PROJECTS	17
6. OTHER ISSUES	19
6.1. TRAINING	19
6.2. VISAS	19
6.3. LIFESTYLE	19
6.4. ROAD & RAIL LINKAGES	20
6.5. AUSTRADE / AUSAID	20
6.6. BACKLOAD / IMPORT CARGO OPPORTUNITIES	21
6.7. SPORTING & CULTURAL CONNECTIONS	21
7. ACTION PLAN	22
Appendix 1: Tips on Doing Business in Papua New Guinea	24
Appendix 2: The Main Airports of PNG	28

EXECUTIVE SUMMARY

This strategy study was commissioned by Advance Cairns to capture information about what is being done in the region to develop trade links with Papua New Guinea by various businesses, organisations and government agencies, in order to focus the effort, avoid duplication and to maximise the return on investment.

Cairns is geographically very close to PNG, being some 800 kilometres south-south-west of Port Moresby; and the tip of Cape York is only 150km from the mainland of PNG. As a result, Cairns has had strong cultural and business ties with PNG for the better part of a century, and with the current international air services up to PNG, Cairns is a natural gateway into the country.

Shipping has played a key part in the relationship, but in the past decade or so, there have not been regular services. With the present level of activity in PNG, particularly in the resource sector, the potential for shipping between Cairns and PNG has also come to the fore again.

Demand for goods and services in PNG will increase as the current crop of major projects start to come on stream. These are led by the LNG projects, worth billions of dollars and set to create thousands of jobs, both during construction as well as once operational. Supporting these projects will be some significant investment in infrastructure and commercial facilities. With such a flurry of activity in PNG, there is likely to be some considerable strains put on PNG infrastructure, and operators with efficient supply chains, such as might be achieved out of Cairns, will fare best.

With these multi-billion dollar projects, the list of supplies required is going to be extensive. Businesses in Cairns and Tropical North Queensland (TNQ) may not directly produce all items, but it does have a thriving industrial base that is experienced in servicing the resource sector, the agricultural sector, and the transport sector. Goods sourced from outside the region can, however, be freighted by rail or road and consolidated in Cairns, providing some time savings in the supply chain over sea freight from southern ports. In addition to its potential as a supply and servicing base, Cairns offers very attractive opportunities as a fly in-fly out port for personnel.

The accompanying appendix highlights some of the opportunities and things to consider when doing business in PNG, as well as providing a few useful contacts that should get you going.

1. INTRODUCTION

There is a heightened level of awareness about the current opportunities in PNG arising primarily from two high profile LNG projects; existing mining projects are also significant, and in themselves provide plenty of opportunity for Cairns businesses.

But it is the ExxonMobil and InterOil LNG projects that have generated significant interest globally, with multi-billion dollar contracts to be let or likely to be commenced in 2010. Other multi-billion dollar resource projects are in the pipeline or are commencing, including the Xstrata Frieda River and Ramu Nickel projects. In addition, associated infrastructure and community facilities will create further project work.

In aggregate, the new projects are likely to generate thousands of new construction jobs over the next three to five years, followed by thousands of operational jobs during the life of the projects. Growth in demand for goods and services is going to be strong, which will include significant demand for training and education services.

The challenges for PNG are likely to be substantial, and this will provide opportunities for Cairns to be part of the supply side solution, given its geographical proximity, its cultural connections and its air transport linkages.

2. STRATEGIC OBJECTIVE

This strategy aims to focus the TNQ effort such that the region maximises its potential to service the PNG market, and in so doing, provides a substantial economic base that helps to diversify the TNQ economy in the long term.

In aiming to maximise the region's business and trade with PNG, specific goals are:

- Develop market intelligence on trade opportunities with PNG:
 - Capture information on PNG projects
 - PNG Mining Procurement Engagement Project
- Market the region's potential to trading partners:
 - Position Cairns as a major hub for PNG trade
 - Promote TNQ lifestyle benefits
 - Raise awareness in Cairns and PNG of trade related activities
- Advocate on behalf of TNQ trade development support:
 - Provide attractive & efficient trading environment
 - Attract government support and funding initiatives
- Co-ordinate and educate potential trade proponents:
 - Draw community interest together
 - Establish and educate potential trade partners
 - Introduce mechanisms to reduce risk for potential trade
 - Co-ordinate development agencies' response
- Ensure adequate infrastructure is available for trade development:
 - Shipping infrastructure and services
 - Aviation infrastructure
 - Office accommodation

These strategies will target specific markets, including:

- Freight
- Office accommodation
- Education / Training
- Professional Services
- Repair and refit
- Marine maintenance

3. WHY CAIRNS

Cairns is an hour and a half flight from Port Moresby and has had regular air services to PNG for over three decades, currently up to four flights per day. There is a strong cultural connection with PNG, many former expats having moved south to live in Cairns, as well as many PNG nationals choosing to live in Cairns or spend time here, particularly schooling their children at Cairns schools.

Cairns is also the northernmost seaport on the eastern seaboard of Australia and the closest international port to Port Moresby. But its geographical location is not the only advantage offered to PNG. The following table summarises the key competitive advantages of PNG projects using Cairns as a supply and servicing hub that were identified in the shipping pre-feasibility study.

Table 1: PNG – The Cairns Hub Advantage

Key Advantage	Description
Logistics & Commercial Hub	With its extensive airline network, which can get you to every Australian capital city (except Canberra & Hobart) on direct flights, Cairns is the ideal hub for other logistics and support services. Companies that choose to base staff here also have the advantage of having capacity to respond locally to issues, be it quarantine, customs and security
Suppliers Servicing What They Supply	Where goods are sourced or serviced out of Cairns, this can be achieved more effectively because of the regular flights to PNG out of Cairns – there are up to 4 RPT services per day, with flying times of less than 1½ hours. Charters are also regularly servicing mines. Whether it is office equipment or heavy equipment, this can represent significant cost-savings for PNG businesses
Short Sailing time	Cairns' proximity to PNG is second to none and provides the ability for shippers to establish regular and efficient services, as well as procure fresh food, fruit and vegetables that arrive fresh. Possible shipping services might include: <ul style="list-style-type: none"> - Port Moresby is two days' steaming from Cairns – a dedicated service could therefore operate on a 7-day cycle - Cairns to Lae, via Port Moresby would be 4-5 days – the three ports could be linked on a 9-10-day cycle - Cairns to Kiunga is 4 days and could be linked on a 14-day cycle or less
Reduced Inventories	In the supply chain, reducing inventories is a major driver of efficiencies and cost savings for major projects. For example, a piece of equipment could be shipped back from Port Moresby to Cairns on the outward service, be in Cairns for repair one week, and be back on the ship to Port Moresby the following week – the need for replacement equipment and inventories is greatly reduced and for expensive gear or regular reconditioning the cost-savings could be substantial

Established Supply Chains	Cairns is a port that already plays a key role in supply chains, both with its coastal shipping supplying mines and communities around Cape York and the Torres Strait, as well as supply for the Freeport Indonesia Mine in Irian Jaya. Such shipping operates on weekly, 10 and 14-day cycles
Vessel Repairs & Maintenance	Cairns boasts one of Australia's largest fishing fleets, one of its busiest passenger vessel fleets, three marinas, a major Navy base, and soon will have an international maritime training centre. Such industry activity has led to a specialist marine repair and maintenance sector, that services everything from luxury superyachts to freight vessels and barges, from hull maintenance to high-tech electronic equipment. In fact, it is the servicing base for many of the current fleet operating in PNG, so it is a logical step to consider using Cairns as a shipping hub as well
Lack of Congestion	Unlike many other seaports, particularly those that focus on bulk commodities, Cairns does not currently experience major delays and bank-up for access to wharves. As projects such as the proposed LNG plants gear up in PNG, there is some expectation that delays may be experienced at the PNG end – there is substantial advantage in knowing that congestion would not be a problem at the Australian end, particularly should the shipping schedule be put out by days
Existing Seaport Facilities	Cairns Port does not require immediate capital investment to commence the new shipping service but could invest in the near term in a Roll On-Roll Off (RORO) facility, high lift capacity cranes, container storage and intermodal connections. The Port's current 5-year plan also includes some extensions and enhancement to Wharves 7 & 8, which could be brought forward to accommodate new demand
Industrial Land Availability	There are vacant parcels of land, both within the Port precinct owned by FNQ Ports as well as on nearby private land. The State Government's Woree Business & Industry Park located 3km from the port, along the highway to the south, also has plenty of land availability in lot sizes from 1,600m ² to 6,000m ² . 10km south of the Port, in the proposed Edmonton Business & Industrial Park, there is over 200ha of land earmarked for commercial development in the city's Regional Plan; at the nearby South Cairns Industrial Estate, other land and developed premises are available
Education & Training	Cairns is home to some excellent education and training establishments, including: <ul style="list-style-type: none"> - Primary and secondary schools - World class university – James Cook University - Cairns Aviation Skills Centre – teaching avionics and aircraft engineering - FNQ TAFE – from trades to hospitality, the TAFE provides for most apprenticeship, trainee, and tertiary skill needs - Great Barrier Reef International Marine College (being constructed in 2010) will include a specialised chart room, navigation and radio rooms, bridge simulator room, boatshed, workshop and engine room, and an immersion pool catering for a range of training certifications including commercial diving – this presents some very exciting opportunities in the context of the LNG pipelines, as well as providing, for the first time, access to high-level maritime training in a tropical environment

<p>Labour Pool & Lifestyle</p>	<p>With an increasingly competitive market for skills, attracting the right personnel will become more difficult. Integral to the solution is being able to domicile the workforce in other locations, and Cairns will feature highly not just because of its geographical proximity, but also because of its cosmopolitan lifestyle – on the back of the tourism industry, which provides a recreation and cultural diversity the envy of many a capital city (let alone a regional city), that offers everything from world class dining experiences to modern health and education facilities – elements that are attractive to spouses and their families. Cairns enjoys a relaxed tropical climate, not dissimilar to parts of PNG. Co-locating personnel in the city with a logistics/support hub starts to look very attractive, and will be enhanced in the not too distant future with the establishment of a PNG Consul office in Cairns (announced October 2009)</p>
<p>Cultural Links to PNG</p>	<p>PNG nationals have strong and well established business and cultural links with Cairns. Almost 2,000 people born in PNG live in Cairns (2006 Census), many of which are families living and schooling here. PNG nationals are comfortable in the Cairns business environment and it is an ideal location for training PNG nationals. Reflecting these strong linkages, PNG has recently announced the appointment of a PNG Consul in Cairns</p>
<p>The Future & Backloading Opportunities</p>	<p>PNG and the Cairns region share similar agricultural products providing opportunities for backloading. Backloading will become an issue as the construction phase of major LNG and mining projects winds down and shipping becomes more reliant on the backloading income</p>

In summary, the Cairns region is expanding its capacity to service the resource sector and the PNG opportunities will increase the breadth and depth of mining capabilities of Tropical North Queensland and provide purchasing economies of scale to existing TNQ mines and PNG mines.

4. INDUSTRY & AGENCY ACTIVITIES

A number of industry organisations and government agencies have already committed time and resources for the PNG market. The following sections summarises what each has been doing and what is being planned.

4.1. ADVANCE CAIRNS

Advance Cairns has commissioned this strategy having seen the need for and benefits to the region of having an overarching and coordinated approach to the trade links with PNG.

In addition to assuming this strategic role, Advance Cairns is also the lead agency or auspicing body for a number of State funded projects relevant to trade with PNG, including:

- *Investment Attraction*: hosting a web portal, *Think TNQ*, which provides relevant information for businesses and individuals looking to establish and live in TNQ.
- *Tropical Expertise*: professional development and networking events that will assist businesses and R&D institutions to become market ready, provide collaboration opportunities, and build critical mass that will help the region pitch for international business opportunities.
- *Marine Business Matching Project*: matching the capabilities of the three slipways and marine related businesses in Cairns with export maintenance and refit opportunities (not specifically PNG).
- *Prospectus for PNG*: a sales document for the region, covering elements such as liveability, capability and accessibility, to attract PNG business. This details business technical capabilities, capacity, contacts and past experience etc, and is published in hard copy and on the internet. Although much of the relevant information is available through agencies such as the Industry Capability Network, a regional specific database is an essential tool to promote TNQ capabilities.

Advance Cairns also participated in the Cairns Chamber and the Trade Queensland trade missions to Port Moresby in November 2009 and February/March 2010. Also potentially having some relevance to the PNG trade initiative, Advance Cairns is home to a number of industry clusters (Study Cairns, Australian Tropical Expertise Consortium, Cairns Superyacht Group, and Cairns Landscape Industry Cluster).

4.2. CAIRNS CHAMBER OF COMMERCE

For four years, the Cairns Chamber of Commerce has been targeting the resource and industrial sector as growth and diversity opportunities for the Cairns region, with the primary focus on mine projects in northern Australia, and a strong emphasis on servicing and the fly in-fly out workforce.

The Cairns Chamber established a Resource and Industrial Taskforce (R&IT), through which it has channelled its efforts, to act as a conduit for information about the sector to members, and information about the region's capability to the sector. Through 2008/09, the R&IT increasingly saw projects in PNG being touted as 'next cab off the rank', and decided that Cairns would be ideally placed to capture that market.

The R&IT led a trade mission to Port Moresby in November 2009, on which 30 Cairns business people participated. A second trade mission in February 2010 visited Port Moresby and Lae with 15 participants. One of Cairns' main competitive advantages, however, is its proximity to PNG and the ability to 'commute' from Cairns – this edge should be exploited by getting the Cairns presence into PNG on a regular basis. The Cairns Chamber is planning a third trade mission in July 2010.

Leading up to the November 2009 trade mission, the Cairns Chamber funded a pre-feasibility study for shipping services between Cairns and PNG, which has been presented to a number of prospective shipping companies – initial response has been favourable, and the Chamber is continuing to liaise with Ports North regarding shipping potential.

4.3. CAIRNS SEAPORT

Ports North operates Cairns Seaport, the northernmost port on the eastern seaboard and the closest port to PNG. It is a multi-purpose regional port that caters for a diverse range of customers from bulk and general cargo, cruise shipping, fishing fleet and reef passenger ferries. Bulk cargo includes petroleum products, sugar, fertiliser and liquid petroleum gas. The Seaport has long been the natural consolidation and redistribution centre for supplies that are shipped to the coastal communities north of Cairns as well as the Torres Strait Islands and the Gulf of Carpentaria, and is ideally located as a supply and service centre for mine operations in Papua New Guinea and Indonesia with regular mine servicing shipping operations out of the Port.

Cairns Seaport offers extensive and experienced ship building and repair services with a number of slipways and dry docks up to 3,000 tonne capacity for a diverse range of ship maintenance requirements. The shipyards offer some of the most experienced, quality assured luxury repair facilities for superyachts in the southern hemisphere.

The big gap in the Cairns-PNG connection currently is shipping services – over the past century, Cairns has enjoyed periods of direct shipping with PNG, ebbing and flowing with the level of economic activity in PNG. The last of such services occurred in the mid-1990s, which was operated by Consort.

With resource sector projects in the planning and approvals stages worth tens of billions of dollars, plus associated commercial and infrastructure projects, Ports North has been investigating the opportunity of operating shipping services between Cairns and PNG, and is 'partnering' with the Department of Employment, Economic Development and Innovation (DEEDI) to advance the Cairns Chamber's shipping pre-feasibility study into a full-blown business case study. Typical route options that may be considered might include:

- Cairns – Port Moresby – Cairns.
- Cairns – Port Moresby – Lae – Cairns (or some variant linking the three ports).
- Cairns – Port Moresby – Lae – Singapore – Cairns (or some variant linking the ports).
- Point to point for individual mines/projects.

Since 2009, Ports North has been in detailed discussions with Ok Tedi and Toll regarding the establishment of shipping to Kiunga, the PNG port up the Fly River that services Ok Tedi. More detailed discussions have been taking place in 2010, following detailed analysis by Ok Tedi. Consideration has also been given by Ok Tedi to ship bulk ammonium nitrate through the Cairns Seaport, and the State Explosives Inspector has been investigating the logistics and handling of this commodity – a final decision is expected in 2010; however, the trade is not considered essential for the commencement of services to Ok Tedi.

Ports North has a five year plan in which some limited general cargo upgrades were contemplated; however, with the increased activity surrounding prospective PNG trade, Ports North is investigating some port upgrades to handle new trades, which includes:

- Development of a common-user barge ramp facility – estimated to cost around \$5million, a business case for the barge ramp, funded by DEEDI, is underway.

- Upgrades to the general cargo wharves (part of their five-year plan), and estimated to cost approximately \$10 million to accommodate potential new trade.
- Purchase of a wharf crane, at an estimated cost of \$5 million, which would provide greater flexibility in types of ships and cargo handled in the port, as well as improving productivity; presently, all ships have to be geared with their own cranes, or mobile cranes hired on an ad hoc basis.

All of these upgrades would likely be a benefit in attracting prospective PNG services. At the request of Federal Minister for Resources & Energy, Martin Ferguson, Ports North has sent a preliminary submission to the government on \$20 million worth of port upgrades – without additional government support to kick-start such port upgrades, Cairns Seaport remains in a chicken-egg situation – it is hoped that this can be progressed through Infrastructure Australia, and in conjunction with the State Government.

4.4. CAIRNS AIRPORT

Cairns Airport may play a pivotal role in the PNG market, as a hub for passenger and freight services into the major city airports as well as direct to mine sites. Opportunities in the passenger market arise both from the Fly In-Fly Out (FIFO) and general commercial segments, as well as the rest and recreation segment. Although some resources have been directed at investigating the PNG air connection opportunities, there may be capacity constraints at individual airports in PNG, in terms of runway length, aircraft size, navigation and operational constraints etc (see Appendix 2 for list of major airports). Another potential opportunity is to identify what aircraft sit on the ground overnight in Cairns and investigate whether they could deploy the FIFO workforce to mine/project sites.

4.5. STATE GOVERNMENT

Following the “New Deal” representation by Advance Cairns and the Cairns Chamber, in late 2009 the State Government announced the creation of a new special representative for trade with PNG to be based in Cairns, supported by a dedicated Cairns-based trade agent, to maximise trade opportunities for Cairns. This contract position is based in the DEEDI Cairns office, and is a part-time (one day/week, plus leading trade missions) role.

Trade Queensland ran State-based trade missions to Port Moresby in November 2009 and March 2010; approximately half of the respective 24 and 35 delegates were from Cairns. As a precursor to the first trade mission, in September 2009, DEEDI ran a PNG information breakfast briefing, at which some 135 people attended, demonstrating the high levels of interest in PNG opportunities in Cairns. The State has undertaken to lead further trade missions to pursue opportunities for Queensland, with plans for a mission in August 2010.

The State Government has also committed to the following PNG-related initiatives:

- The 2008 Cummings Mining Services Study (including PNG projects) – updated.
- Cairns-PNG shipping study (\$50,000) – developing a business case for shipping for Cairns based exporters (partner FNQ Ports) – commencing in June 2010.
- PNG Mining Procurement Engagement project (\$60,000) – a capability and needs assessment study to encourage purchase of supplies from Cairns (Advance Cairns) – commencing in May 2010.
- Prospectus for PNG (\$25,000) – produced and being distributed by Advance Cairns.
- Support the establishment of PNG mine company offices in Cairns – through the Queensland Investment Incentives Scheme (by offering payroll tax, land tax and stamp duty refunds, as well as establishment grants), support the establishment of Cairns as a base for Australian and international firms doing business in PNG mining.
- As part of the Tropical Expertise initiative, there will be a trade mission to the Pacific, which could be to PNG.
- Established a Queensland-PNG Business Group, chaired by Simon Wild (Airlines PNG) from Cairns, which will also provide input into the PNG special trade representative.
- ICN Queensland – could incorporate finding products and capabilities for PNG projects.
- Supporting the TropLinks initiative, a network of research bodies, companies, industry groups and economic development organisations that work together to build critical mass needed to capture a slice of the global tropical market, with a focus on PNG.

4.6. FEDERAL GOVERNMENT

In response to the impacts of the global finance crisis on Australia in 2009, the Federal Government identified Cairns as a priority employment area – this has led to the appointment of a Local Employment Coordinator, who is tasked with the responsibility to support industry and jobs; to promote new opportunities, new industry and new skills; and to help identify what new skills are needed.

There has also been some interest in Canberra for supporting the Cairns region's push into PNG following the "New Deal" representations in 2009. There is a need to follow up the initial ideas canvassed and gain commitment to some specific Federally funded initiatives, including: getting support for Cairns as a hub for PNG-Pacific programs; securing funding for port upgrade projects (eg wharf crane and wharf enhancements); getting greater Austrade assistance and link in with Austrade trade missions; and gaining better exposure for AusAID projects. It is understood that the new State manager for the Department of Foreign Affairs and Trade has a special brief to look at PNG.

4.7. THE CAIRNS PRIVATE SECTOR

Many businesses in TNQ have been servicing PNG for a number of years – most have done so under difficult conditions, ie lack of direct shipping, with business being hard won, albeit profitable. As a result, those existing suppliers to PNG are very often quite guarded in what information they might share about their activities – they are highly protective of their 'territory' and hence it has been difficult to analyse the extent of opportunities and potential demand for say new shipping services out of Cairns.

Despite this, there are many businesses that are significant PNG players and that might enjoy high barriers to entry by competitors, and hence who are more willing to share their experiences.

With the current lack of shipping services out of Cairns, freight is being transported by road or rail to Brisbane or Townsville before shipping to PNG. Liquefied propane and butane are being shipped direct from Cairns – 3.3 tonnes in 2008/09 (ABS, *Foreign Trade*, unpublished data). Other goods being sourced out of Cairns and shipped to PNG include electrical, pumping, conveyor belts, tubes and pipes, steel and iron manufactured parts, hoists and pulleys, machinery parts, moulds, fishing vessel/yachts/boats, and pre-fabricated buildings.

However, a major demonstration of the opportunity out of Cairns is found in the volume and value of airfreight exported to PNG on the back of the regular air services, which included everything from apparatus and instruments to electronic equipment; from auto parts to aviation parts and avionics; from office supplies and ICT to fresh fruit and

vegetables; from glass and mirrors to gaming machines; headgear to hand tools. In 2008/09 (ABS, *Foreign Trade*, unpublished data) exports totalled:

- Over \$200 million exported by air from Queensland – 96% of the Australian total.
- Of the Queensland total, one quarter (\$53 million) airfreighted out of Cairns.

Significant opportunities may also emerge from locally grown produce – including seeds, grains and stockfeed, and dairy. If Cairns is successful in securing direct shipping services, the shorter transit times will be an advantage for many of these products. Another potential specialist product, required in the insulation of the LNG holding tanks, is perlite, which can in fact be sourced out of Far North Queensland from what is believed to be Australia's largest perlite deposit found near Chillagoe.

In terms of the future, Cairns has the capability to supply most needs of new and existing projects in PNG, or act as a consolidation point, and is well-placed geographically to do this in a timely fashion by the use of both sea and air freight transport modes. It has a demonstrated capacity to do this, as evidenced by its supply capacity to Cape York and Torres Strait communities, and existing mine operations such as Freeport Indonesia. There is also strong potential for Cairns to be a hub for operators in PNG, such as the existing head office of InterOil or the commercial office of Porgera.

4.8. SHIPPERS

Shipping companies in the PNG market, or potentially so, include:

- Consort Express Lines – based in Lae and is a coastal shipper in PNG; provide a weekly service out of Townsville using four vessels, running Townsville-Port Moresby-Alotau-Oro-Lae return. Appears to be committed to Townsville and as yet not instigated discussions re Cairns, although it was the last shipping company that serviced PNG out of Cairns in the 1990s.
- Toll / Perkins – agents in Australia for Consort's PNG services; operate a Newcastle-PNG service; currently has a presence in Cairns with coastal shipping to Weipa. Currently in negotiations with Ok Tedi and Ports North regarding establishment of Cairns-Kiunga services.
- Swire Shipping – services include Melbourne-Sydney-Newcastle-Brisbane-Port Moresby-Lae-Madang-Lihir-Honiara-Melbourne. Initial interest shown in a Cairns-Port Moresby connection, though this has not been followed up.

- ANL – operates Brisbane-Port Moresby-Lae-Madang-Brisbane every 18-20 days (every second cycle includes a Newcastle call).
- Bismark Marine – based in Lae, providing coastal shipping in PNG including to Lihir.
- Sofrana – services include Melbourne, Sydney, Brisbane, Port Moresby, Lae, Rabaul, Lihir, Honiara, Port Vila, with once monthly calls to Townsville.
- Mariana Shipping – currently operates a range of services to/from Asia, including a fortnightly Kaohsiung-Shanghai-Darwin-Townsville-Kaohsiung service, and is looking to get into the PNG Market. Recently visited Cairns, and subsequently announced a service linking Cairns into the Townsville connection.
- Sea Swift – currently operates coastal trades to the Gulf of Carpentaria and Torres Strait Islands, and has some vessels that may suit sailing a PNG route.

4.9. STEERING COMMITTEE

To ensure each of the bodies and groups are pushing in the same direction, there is a need for communication channels to be open. To reflect the cross-section of key bodies who should be involved, a new Steering Committee has been established, comprised of members including:

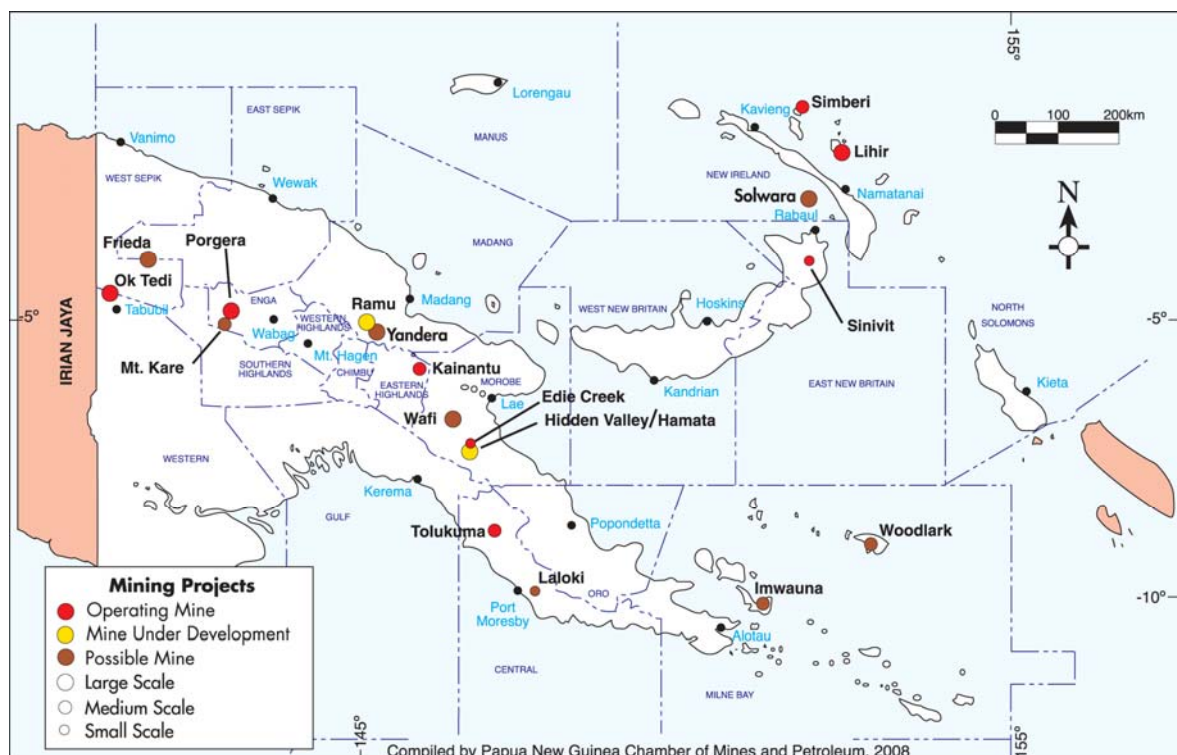
- Advance Cairns
- Cairns Chamber of Commerce – Resource & Industrial Taskforce
- Ports North
- State Government – Department of Employment Economic Development & Innovation
- Cairns Regional Council
- Federal Government – Austrade
- Other industry representation as deemed necessary, including Cairns Airport, Tourism Tropical North Queensland and private sector interests

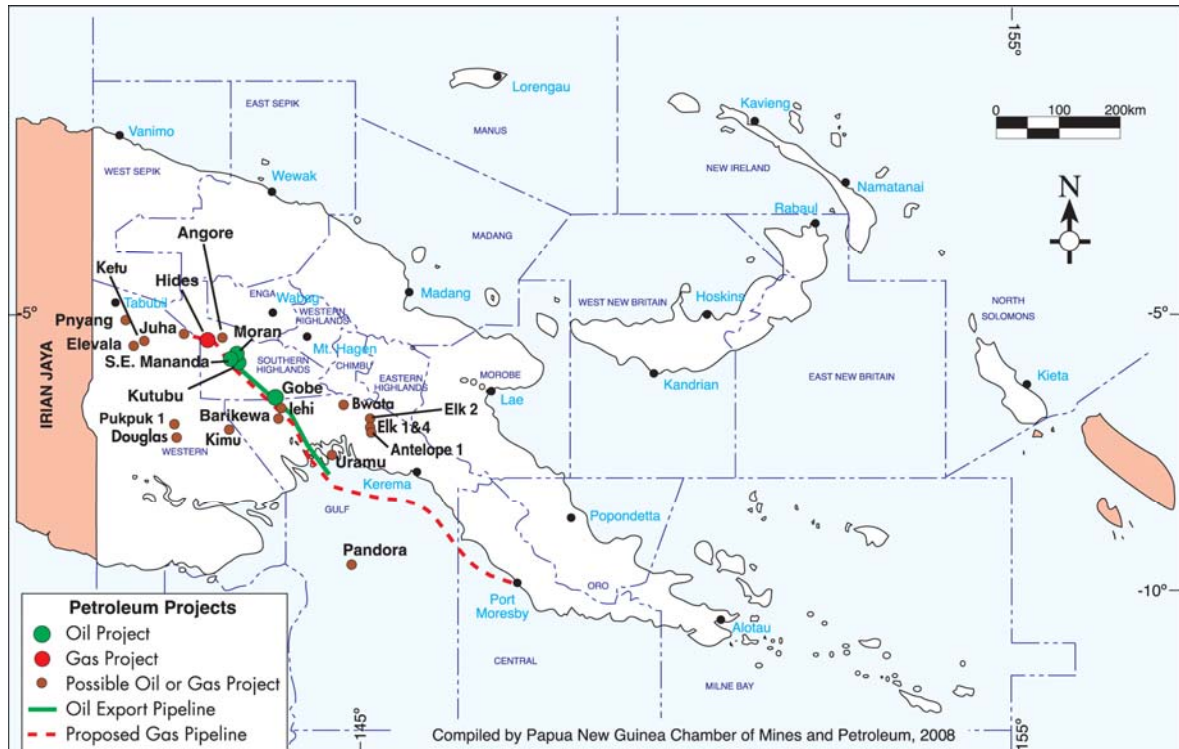
5. PNG PROJECTS

The demand in PNG for Australian sourced goods arises in part from general economic activity; however, the largest demand for goods comes from the resource activities, from the supporting infrastructure projects and from the associated construction and commercial activity.

Many of these activities and projects have been operating for several years, with supply chains well established. Having said that, the ramping up of significant new projects, such as the proposed LNG projects, has created an air of anticipation, as well as causing many mine and project operators to reconsider their supply chains in the light of expected bottlenecks and congestion that may shortly arise – in essence, it's 'game on' whether new or existing.

The following summarises the major existing mines and new projects in PNG that have potential for seeking supplies from Cairns, with their approximate locations shown in the two maps below.





5.1. EXISTING PNG PROJECTS

Ok Tedi: Open cut copper and gold mine in the northern part of Western Province, which opened in 1984, and produces some 160,000 tonnes of ore each day. Freight arrives via shipping, 800km up the Fly River to the port at Kiunga. The mine employs 2,000 people, 95% of whom are PNG citizens, and supports a sub-region population of 25,000. As a major business in PNG, it contributes some 25% of PNG's tax income and represents over 30% of its export income. Several hundred companies supply to Ok Tedi, 80% of which are PNG owned. The mine is scheduled to close around 2013, though current investigations are looking at extending it to 2020. Ok Tedi has been investigating Cairns as a supply and consolidation point for its general cargo and explosives (Ammonium Nitrate) needs, and is expected to make a decision in the first half of 2010.

Porgera Joint Venture: Located 130km west of Mount Hagen and 600km northwest of Port Moresby, Porgera is an open pit and underground gold mine that commenced in 1990. The mine employs 2,500 people, 93% of whom are PNG nationals, plus 500 contractors. Porgera contributes 11% of PNG's GDP. Porgera has a commercial office in Cairns and sources much of its expat workforce from Cairns – regular services, connecting through Mt Hagen, connect Cairns with the mine site.

Lihir: Located on the island of Lihir, 900km northeast of Port Moresby, gold production commenced in 1997. The mine is comprised of three linked open pits, the current pit of Lienetz providing annual production of around 800,000 ounces of gold. Mining on Lihir is expected to continue till 2021, with lower grade stockpiles processed through to 2030. Lihir commenced a major upgrade (Million Ounce Plant Upgrade) in 2008, with production to increase from 2012.

Kutubu Oil Project: Located 550km northwest of Port Moresby in the Southern Highlands Province, and connected to the coast by a 265km pipeline, this is a joint venture of Exxon-Mobil, Merlin Petroleum Company and Petroleum Resources (Kutubu) Ltd. Production commenced in 1992, under a 25 year licence.

Hidden Valley: A joint venture between Harmony and Newcrest Mining, the mine is a gold and silver mine located in the Morobe Province, 300km northwest of Port Moresby. Only recently going through the commissioning phase, and costing \$600 million to develop, the mine has a life of 14 years.

Hides Gas to Electricity Project: Operated by Oil Search, gas production started in 1991 and is sold to Porgera for electricity generation under a supply contract that expires in 2011, but likely to be extended in line with the Porgera mine life.

Gobe Oil Project: Operated by Oil Search, the Gobe Oil Project consists of two oil fields. Crude oil production commenced in 1998 and is in the decline phase.

Greater Moran Oil Project: Located in the Southern Highlands, 480km northwest of Port Moresby. Production commenced in 1998 with 50% of the recoverable reserves extracted.

Ramu Nickel & Cobalt Project: A Highlands Pacific Group project located 75km west of Madang and which recently started production, the project will have a mine life of 20 years, with potential to increase that by 15-20 years.

5.2. NEW PNG PROJECTS

Exxon-Mobil PNG LNG Project: A \$16 billion project located in the Southern Highlands, with pipelines to Port Moresby. Joint venture partners include Exxon-Mobil, Santos, Oil Search, Nippon Oil Exploration, Minerals Resource Development Company and Eda Oil. The project received final investment decision approvals in December 2009, and has already commenced some advanced mobilisation and early works, being constructed by a joint venture between Clough Niugini and Curtain Bros Papua New Guinea.

Esso Highlands Limited is the operator for the project, and signed its head engineering, procurement and construction (EPC) contracts for the LNG plant with the Chiyoda Corporation and JGC Corporation joint venture in December 2009. EPC contracts for other components of the projects include CB&I and Clough (gas conditioning plant), Spiecapag (onshore pipelines and infrastructure), Saipem (offshore pipelines), and McConnell Dowell Constructors-Consolidated Contractors Group joint venture (support infrastructure).

The plant's first LNG cargo is anticipated in 2013/14, and has a life of 30 years. The project is the largest private sector investment ever contemplated in PNG, and will result in \$200 million recurring operating expenditure per year. It will double PNG's GDP. The construction workforce will reach 7,500 employees, and once operational will employ 850.

InterOil: The Liquid Niugini Gas Project, with two identified gas fields – Elk and Antelope – has a project value of approximately \$7 billion, including pipelines to its refinery in Port Moresby. If all the approvals and construction goes to plan, InterOil expects shipments of gas will start by 2015, and run for a life of 40 years. Construction employment will peak at 5,000. InterOil is headquartered in Cairns.

Frieda River: A gold and copper project of the Highlands Pacific Group and partner Xstrata Frieda River Ltd, located in the Sanduan Province. The project, which would be one of the largest open pit copper projects in PNG, is estimated at \$3 billion. A bankable feasibility study is expected by January 2012 and, if approvals and development proceed as planned, then production would commence in 2016. Once operational, it is expected to have a life of 26 years.

Bougainville Copper: Although early days, there are signs that the Bougainville mine could reopen if the traditional landowners start to negotiate with a project proponent and with the Bougainville government. A recent visit to Cairns by the Bougainville President has identified this as one to watch over the next couple of years.

In summary, the existing projects identified employ somewhere in the vicinity of 10,000 employees, many of whom are PNG nationals, but many of whom would be Australians engaged on a fly in-fly out basis. These projects would also source hundreds of millions of dollars in supplies each year, much of which comes from Australia.

The new projects represent an additional \$20 billion plus in development cost that is likely to occur over the next five to seven years, and that will go on to employ thousands of workers in the operational phase.

In addition to these projects, there will be some substantial spending on infrastructure and supporting commercial developments. Given its geographical proximity and Australia's social and political stability, Australia, and hence Cairns, are well positioned to tap into this market.

6. OTHER ISSUES

The following sections highlight some of the other key issues that have arisen or have been raised and which may need further action.

6.1. TRAINING

It is anticipated that a heavy emphasis is being placed on training up PNG Nationals as new projects go through the approvals process. With this will come plenty of opportunity to provide training both on site and in Cairns. One of the bigger problems facing PNG is that it does not have the capacity itself to deliver all the services required, and there is plenty of scope for Cairns based training organisations to collaborate with industry partners and PNG organisations.

6.2. VISAS

Anecdotal evidence suggests that obtaining visas from either end is constraining the flow of workers between Australia and PNG. In the case of PNG Nationals trying to obtain visas to enter Australia, it is difficult to secure longer term working visas that would allow PNG workers to enter Australia for an extended period of industry based training and paid work experience. In the case of Australians travelling to PNG, obtaining longer term work visas can be an extrapolated process, and is only likely to get worse as demand for visas grows.

6.3. LIFESTYLE

While agencies such as Advance Cairns, the Cairns Chamber and DEEDI are focused on commercial outcomes, there is a need to develop a 'residency prospectus' that highlights the attractiveness of Cairns as a place to live, whilst being a fly in-fly out hub for PNG work. Cairns Regional Council has some jurisdiction in this area, and has expressed an interest in driving this, however, this effort needs to be coordinated with the commercial initiatives. Advance Cairns also launched a liveability and investment attraction website, named *Think TNQ*, in February 2010. Cairns' liveability includes its safe and stable social and political environment, access to quality and diverse education facilities, access to modern public and private health facilities, and provision of a wide range of sporting and recreational facilities.

6.4. ROAD & RAIL LINKAGES

A number of freight companies send goods by road and rail from/to Cairns and Brisbane. There are 11 dedicated trains a week from Brisbane, with equivalent of 80 – 100 TEUs on each – seven trains by QRX and four by QR. Trains depart ex Brisbane every day of the week. The majority depart 7:30pm and arrive at 4:30am, 33 hours later. Depot capacity is available at QRX, especially to handle larger volumes. The main issue with rail freight capacity is the lumpy nature of capacity increases – by and large, it's not just a simple case of adding an extra container or two. There is some capacity available on services by road ex Brisbane and depot capacity to handle larger volumes.

The foregoing services are already used to consolidate cargo from all over Australia for Freeport's 10-day cycle service to Papua Indonesia and Sea Swift's and Perkin's weekly services to Torres Strait and Weipa. The Cairns/Far North Queensland region is the main source of back-loading freight, especially of produce, for southern markets.

6.5. AUSTRADE / AUSAID

While there is an Austrade presence in Cairns, through a Commonwealth-State arrangement under the Trade Queensland representative, this presence is not strong, and has not been actively marketed to the Cairns community. There are grounds to elevate this presence, and further lobbying of government may be required.

In addition, there are substantial Commonwealth funds being ploughed in to AusAID PNG projects, yet this is being handled out of Canberra – again, there is possible justification for having a Cairns based AusAID presence to help drive these projects in PNG and into the Pacific, on the basis that better value for money and delivery could be achieved out of Cairns. There is a coordinator for AusAID projects in the Brisbane office of DEEDI.

There are approximately 400 staff based at the Australia House in Port Moresby, including some 80 AusAID staff.

6.6. BACKLOAD / IMPORT CARGO OPPORTUNITIES

In the past, general cargo shipping services to PNG have largely returned with relatively small quantities of backload freight, other than equipment and gear returning for repair, and empty containers. Produce that has been exported from PNG to Queensland seaports have included coffee, copra, timber/timber products and oil-cake and solid residues, as shown in the table below. Other product opportunities could include palm oil – which could be imported into Cairns and blended with ethanol.

Imports by Sea from PNG: Local Produce – 2008/09

Product	Brisbane	Townsville
Coffee	\$21.7m	-
Copra	\$0.4m	\$2.3m
Oil-cake/solid residues	\$2.7m	\$0.6m
Timber/timber products	\$7.5m	\$2.4m

6.7. SPORTING & CULTURAL CONNECTIONS

There is a strong former expat community now living in Cairns, as well as a large number of PNG born people living here – at last Census, this amounted to some 2,000 people. Initial investigations have identified sporting and cultural activities that could bring Cairns and PNG communities together – eg Cairns could host an NRL pre-season game and attract fans from PNG. There has also been some thought into identifying former PNG expats now living in Cairns, and expats living/working in PNG in order to draw on their experiences/knowledge.

7. ACTION PLAN

Strategic Objective: To focus the TNQ effort such that the region maximises its potential to service the PNG market, and in so doing, provides a substantial economic base that helps to diversify the TNQ economy in the long term.

The Action Plan highlights the initiatives and issues described in previous sections and cross-references them with the organisation/agency identified as being the lead agency responsible, and provides timeframes in 2010 and resources available to carry out the action. Outcomes are shown as deliverables from various consultancy contracts and organisation activities, and all focused on maximising the business that TNQ businesses do with PNG.

Strategy	Action	Agency	Timing	Resources	Outcome
Drive the PNG initiative in a coordinated way	Convene "Cairns-PNG Steering Committee" to coordinate the efforts of the region	AC	Mthly	AC	Good communication – better outcomes
	Keep an up to date calendar of events	AC	Update monthly	AC	Calendar of trade missions, briefings, speakers etc
	Lead trade mission to POM, Lae and other centres as required	CCC	Qtrly	CCC	CCC mission Jul-10 TQ mission Aug-10
Capture information about PNG projects	Conduct detailed analysis of projects, showing procurement timelines and prime/second tier contracts awarded, contacts	AC	Start May-10	Consultant TBA	DEEDI funded PNG mine procurement engagement project
	Identify AusAID projects being delivered in PNG each year and in what disciplines. Commence dialogue with PNG AusAID	DEEDI	Jun-10	TBA	Project database
Maximise PNG opportunities (PNG Mining Procurement Engagement Project)	Identify supply opportunities and match with TNQ businesses	DEEDI	Start May-10	Consultant TBA	Tender details circulated to TNQ businesses
	Identify training opportunities and liaise with training organisations to identify areas for collaboration	DEEDI	Start May-10	Consultant TBA	Training joint ventures initiated
	Educate TNQ businesses on how to do business in PNG	DEEDI	Apr-10 onwards	Consultant TBA	TNQ businesses export ready

Strategy	Action	Agency	Timing	Resources	Outcome
Advocate on behalf of TNQ to provide attractive & efficient trading environment	Identify specific examples of where the visa process is not providing flexibility and opportunity and lobby government for change	AC CCC	Mid-2010	AC CCC	Special class of visa that encourages transfer of skills as well as creating opportunities for TNQ (and broadly, Australian) firms
	Advocate for/support early establishment of PNG Consul office in Cairns	AC CCC	Mid-2010	AC CCC	PNG Consul office in Cairns opened
	Consult with the road/rail service providers to confirm capacity and any constraint issues and, if needs be, instigate a process of expansion planning	AC CCC	Mid-2010	AC CCC	Capacity addressed Commitment by QR/State to plan for expanded network/capacity
Promote TNQ lifestyle benefits	Discuss option of a city portal with CRC and/or other regional organisations (eg TTNQ, cairns.com.au)	AC CRC	Mid-2010	AC	Internet portal
Grow trading opportunities through new shipping services	Conduct business case & continue dialogue with prospective shipping companies	PN DEEDI CCC	Oct-10	Consultant TBA	Business case – new shipping services
	Identify opportunities for back-loading into Cairns, emphasis on value-add processing on back of existing TNQ industry (eg coffee).	PN AC DEEDI	Oct-10	Consultant TBA	PNG trade export data – by commodity by port
Draw communities of interest together	Identify former PNG expats and Nationals now living in Cairns, and expats living/working in PNG – draw on their experiences/knowledge	AC	Mid-2010	TBA	Expat database Expat networking events
	Identify sporting and cultural activities that could bring Cairns and PNG communities together	AC DEEDI	Mid-2010	AC	Plan/host event, eg an NRL pre-season game and attract fans from PNG

Notes:

- AC – Advance Cairns
- CCC – Cairns Chamber of Commerce
- CRC – Cairns Regional Council
- DEEDI – Department of Employment, Economic Development & Innovation
- PN – Ports North
- TBA – to be advised (ie consultancy)

Appendix 1: Tips on Doing Business in Papua New Guinea

Background

PNG is facing an extended period of strong growth, driven by the resource and energy sector. Amongst the larger projects that offer opportunities for Cairns are the following:

- ExxonMobil LNG project - \$16b project that has final investment decision
- InterOil LNG project - \$7b project which has recently received funding approval
- Xstrata Frieda River Copper - \$4b project in feasibility study stage
- Ok Tedi – existing mine which contributes 1/3 PNG's export earnings, extending its mine life to 2020.

Cairns' geographic location lends itself to servicing these projects and others; however, businesses should be aware of some the pitfalls and challenges in doing business in PNG.

Points of Interest about Major Centres

Port Moresby:

- The main commercial centre where most of the bigger companies have a presence.
- Main airline gateway with three airlines operating from Cairns (Air Niugini, Airlines PNG, QantasLink) – as a result, it's a good jumping off point and a place where one can often catch up with people from the Provinces.
- Short 15 minute drive into town from the airport.

Lae:

- The largest seaport in PNG with a major industrial base.
- Main gateway for road access to the Highlands where much of the big LNG and mine projects are.
- Air access from Port Moresby on Air Niugini or Airlines PNG; note: it's a one hour drive into town from the airport.

Madang:

- A key tourist destination.
- Direct air access from Port Moresby on Air Niugini or Airlines PNG, or options via Lae or Mt Hagen.
- Supply gateway for the Ramu Nickel mine.

Rabaul:

- Access to eastern islands and projects such as Lihir, Simberi and the proposed Solwara project.
- Direct air access from Port Moresby on Air Niugini, or via Lae.

NB: There are limited road linkages between centres, so it's important to check local conditions.

Doing Business in PNG

Although there are plenty of opportunities likely to arise out of PNG, there are some things that you should do before committing to do business there, and some things to be aware of, including:

Do

- Check with the local Chamber of Commerce or recognised professional service company (lawyers and accountants) if you are unsure about the credentials of anyone you are proposing to meet – err on the side of caution.
- You can travel to PNG under the multiple-entry business visa for meetings – this will allow you to travel in PNG for up to 30 days at a time. Hot tip: apply for an APEC Business Travel Card.

- If you are transacting business in PNG, you should obtain a foreign work permit. Penalties may apply if you travel on the wrong class of visa.
- If you are doing business in PNG, then you should register your company with the PNG Investment Promotion authority.
- Think about the options of doing the work through joint ventures with a local partner.
- Get to understand the Nationals – there may be the odd one or two who will take advantage of an unsuspecting foreigner.
- Research the market and register your interest on appropriate sites (eg www.pnglng.com).
- With AusAID work, get to know how the “Managing Contractors” work – could be a good source of business if you understand their functions.
- Make sure you have your payment terms carefully worked out – understand the tariffs for your goods, and manage the risks of working in a foreign country.
- Make sure you know how your products will get transported (air/sea/land) before committing.
- Allow plenty of time for delays – travelling around town or by air usually goes to plan, but be prepared for the odd hick-up.
- Catch a cab from a reputable company or organise transport in advance – the Australian High Commission for example recommends Scarlet taxis in Port Moresby. Self-drive is not recommended unless you know where you’re going.
- Ask questions – better to ask a stupid question than have to fix up a stupid mistake; and talk to someone who’s been there before.
- Check eligibility for Export Market Development Grants.
- Have a good sense of humour, be patient and persevere.

Don't

- Don't expect everything to go smoothly or quickly, and certainly don't expect it to be just a quick way to make money – be there for the long haul.
- Don't do anything you may regret – and in regard to sexual health, be very aware of the high incidence of HIV and AIDS.

Other Challenges

- Security – common sense should prevail at all times – generally, one should be safe staying in PNG if you follow a few basic rules: be aware; don't expect to walk to meetings – arrange transport; never walk around at night; adopt the right solution to manage the risks for your particular circumstances.
- Business rules: legislation in PNG is similar to Australia and should be familiar; however, be aware that actual processes in individual cases may not measure up to Australian standards.
- Exchange rates: be aware of the potential for exchange rate fluctuations – you can mitigate against this by having contracts written and paid in Aussie dollars.
- Money: major hotels and businesses will take credit cards, but take sufficient cash to pay for cabs, bottled water, a drink at the bar and so on. Many businesses will provide receipts, but pre-warn your financial controller that you probably won't get receipts for everything!
- Corruption is a potential pitfall to be wary of – avoid getting caught up with this as there should be no need to pay for favours (or however else you'd like to put it).

And finally, remember: PNG is the land of the unexpected...

Some Identified Opportunities

Here are some of the opportunities that have been identified from information gathered about certain projects – these are by no means exhaustive, but are designed to get businesses thinking about whether PNG is of interest to them. You should do your own research and seek professional advice before taking the plunge.

Training

The PNG LNG project proponents are currently focused on training and development to prepare local the workforce to meet the project's needs – there are two phases to look at: construction & drilling; and operations. As an indication of the scale of this project, they are after 1,000 truck drivers and 200 chainsaw operators; and the ancillary requirements for these such as mechanics, servicing and parts.

It's not just about the LNG project – demand for these skills are right across the board, it's just that the LNG project will act like blotting paper and soak up skills. So opportunities might include:

- Train the trainers.
- Although a trades centre, POMTech, is being built, there are limited facilities & equipment – so RTOs could also bring people to Cairns to train them, or deliver up there.
- The scale is such that Cairns RTOs probably should be looking at JVs to create critical mass.

Labour/Recruitment

There isn't the capacity and level of skills for PNG nationals to fill all the higher level skilled positions – so there'll be demand externally – presently, there are five recruitment agencies specifically engaged to recruit for the PNG LNG project based in Brisbane and Perth – potential for Cairns recruitment agencies and labour hire companies.

But there'll be increasing pressures that will make it more difficult to place qualified workers – working visas are already taking time to process, which may lengthen unless more administration staff are put on. Accommodation in PNG, particularly in Port Moresby, is at a premium – an alternative is to have them resident in a place like Cairns and do fly in-fly out, although the PNG government is discouraging a FIFO workforce – the reality is, it may well have to happen. And while employment conditions might seem attractive to some, living conditions may become a barrier – there are safety & security issues as well as a lack of quality health and education facilities and so on.

Professional Services

The LNG project is only one of many projects creating demand in PNG, but to summarise opportunities from that project that may be typical for others

- There are 8 major Engineering, Procurement and Construction (EPC) contractors to build the PNG LNG facilities and pipelines.
- EPC contractors are encouraged to procure goods & services locally wherever they are competitive with foreign-sourced supplies, and with a responsible approach to ensure the project doesn't negatively impact the needs of other projects or industries – which might include inflationary pressures for the nation.
- The overall objective is to provide opportunities for local suppliers that remain working long after construction is completed.
- Representative landowner companies will get priority for the supply of various support services performed. This may include services such as camp maintenance, local personnel transportation, vehicle hire, catering and labour – hence is advisory services for these groups may be required.
- PNG LNG has a 5-year service agreement with the Institute of Banking & Business Management (IBBM) Corporate Training for the establishing and management of an Enterprise Centre in Port Moresby which will help national businesses achieve global standards of management.

Fresh Produce

There is limited quality fresh product available in PNG – local growers don't have the capacity to grow sufficient quantities and the supply chain support to supply a growing market. For example:

- Fruit & vegetables are grown in smaller scale farms – consistency in supply is a problem, and transport to markets is limited.
- Local milk producers are probably not to western standards and are low volume producers; imported fresh milk, Paul's, sells for k26 for 2lt (around \$11).

For importers, however, there are some hurdles to overcome, such as:

- Logistics of supply fresh produce – getting the product to the customer fresh is constrained by transit times, handling & storage at the other end; and with limited airfreight capacity, one might find product is left behind in favour of higher-yielding passengers.
- Freight costs: airfreight is expensive – probably around \$1.50/kg; costs of quarantine inspections and customs clearance – looking at around k350 per shipment (\$150).
- Frequency of service – daily air services, but sea freight is via Townsville once per week (or Brisbane), but this impacts on ability to supply fresh product regularly to the market.

Other Goods

There are a few Cairns businesses already supplying products into PNG and using shipping services via Townsville and Brisbane. It is possible to offset the higher freight costs by offering a superior service (with the best air links out of Australia, for example). In the longer term, organisations such as Ports North are pushing for direct shipping services, and this will become more attractive as more suppliers enter the market. Typical supplies, based on for example what Freeport Indonesia source from Cairns, might include:

- Vehicles, machinery and equipment supplies and servicing.
- Construction and building materials and hardware.
- Office equipment and supplies.
- Specialist instruments.
- Miscellaneous dry goods, white goods, safety gear, clothing

R&R

With the long, intense work hours and high disposable incomes of the resource sector workforce, there is an opportunity for TNQ to develop targeted R&R packages to the PNG workforce and residents. The sort of information that might assist in determining the size of the market, and propensity for workers to travel to Cairns either on R&R or as FIFO residents, will include the size of the workforce, the demographics, nationality and point of hire at each mine/project site.

Useful Links & Contacts

Advance Cairns	www.advancecairns.com	07 4080 2900
Cairns Chamber of Commerce	www.cairnschamber.com.au	07 4031 1838
Port Moresby Chamber of Commerce	www.pomcci.org.pg	675 321 3077
Dept Employment Economic Development & Innovation	www.deedi.qld.gov.au	07 4048 1114
PNG Investment Promotion Authority	www.ipa.gov.pg	675 308 4444
PNG Immigration & Citizenship Service	www.immigration.gov.au	675 323 1500
APEC Business Travel Card	http://www.immi.gov.au/skilled/business/apec/	

Appendix 2: The Main Airports of Papua New Guinea

The list below is presented to give an indication of the accessibility by different aircraft types of the main airports in PNG, sorted by runway length. No guarantee can be given to accuracy of this information and readers will need to check details with appropriate authorities before making any arrangements for travel.

Port Moresby is the country's main gateway, able to handle B767's and A330's; the next tier can take up to a 36-seater Dash 8; the final three, Vivigani, Chimbu and Kerema are Twin Otter strips only. The only other aircraft that appear to operate in PNG are small twin engine Islanders, single engine Cessna Caravans and a variety of other small twins up to 7-8 seaters.

Town	Airport name	IATA	Customs	Paved	IFR	Rwy length	Aircraft
Port Moresby	Jacksons	POM	Yes	Paved	Yes	9000 ft	B767 / A330
Lae	Nadzab	LAE		Paved	Yes	7900 ft	Dash 8
Momote	Momote		Yes	Paved	Yes	6100 ft	Dash 8
Mount Hagen	Mount Hagen	HGU		Paved	Yes	6100 ft	Dash 8
Kavieng	Kavieng	KVG		Paved	Yes	5800 ft	Dash 8
Moro	Moro			No	No	5700 ft	Dash 8
Rabaul	Tokua			Paved	Yes	5600 ft	Dash 8
Alotau	Gurney			Paved	Yes	5500 ft	Dash 8
Girua	Girua	PNP		Paved	No	5400 ft	Dash 8
Goroka	Goroka	GKA		Paved	No	5400 ft	Dash 8
Hoskins	Hoskins	HKN		Paved	No	5200 ft	Dash 8
Vanimo	Vanimo	VAI		Paved	No	5200 ft	Dash 8
Wewak	Boram	WWK	Yes	Paved	Yes	5200 ft	Dash 8
Madang	Madang	MAG		Paved	Yes	5100 ft	Dash 8
Tari	Tari	TIZ		No	No	5100 ft	Dash 8
Buka	Buka	BUA		No	Yes	5100 ft	Dash 8
Daru	Daru	DAU		Paved	No	4500 ft	Dash 8
Mendi	Mendi	MDU		No	No	4300 ft	Twin Otter
Tabubil	Tabubil	TBG		No	No	4200 ft	Twin Otter
Vivigani	Vivigani	VIV		Paved	No	4200 ft	Twin Otter
Lihir	Kunaye			No	Yes	3900 ft	Twin Otter
Chimbu	Chimbu			Paved	No	3300 ft	Twin Otter
Kerema	Kerema	KMA		Paved	No	3000 ft	Twin Otter

Source: Independent Aviation, Cairns.