Merry Christmas
and a
Happy New Year
2017 has been another busy and interesting year, with the excitement of the election mid-year and continuing economic and currency challenges providing the context to what has been a great deal of very good and important work performed by teams around the Steamships group.

The trading environment has continued to be a tough one, but opportunities abound as well as challenges, as are highlighted in the divisional summaries contained in this issue of Tok Steamies.

There is certain to be the same mix of change, challenge and opportunity facing us in 2018, including of course the APEC Leaders’ Conference in POM in November, which will put PNG in the spotlights on the world stage.

Meantime I would like to extend my sincere thanks and appreciation to you all for your efforts in 2017, and to wish you and your families a safe and very happy Christmas.
TRANSPORT & PORT SERVICES: SOLID PERFORMANCE

A milestone achievement in March saw the International Standards Organization (ISO) accredit TPS for Health and Safety and Environment (ISO 14001 and 18001) standards. This initiative has been many years in the making and involved all staff’s “buy in” to achieve this result. By holding this accreditation, it demonstrates the division’s commitment to safety excellence, which is clearly evident in the continually improving safety record.

The ongoing development of the Registered Training Organization (RTO) under JVPS has seen nearly all technical training now conducted in-house and the recent expansion for safety office training to include participants from other divisions. 2018 will see further expansion of this capability both in modules and external training for third party clients. From a business perspective for each operating arm of TPS, the environment for East West Transport (EWT) has remained challenging, however, the transport team under the prudent management of Gary Dobson, have delivered significant improvements across the entire business including the signing of new long term contracts with 3A Balsa in Rabaul, fuel haulage contracts for Puma Energy in Aitape and Kimbe, the resigning of the Exxon Mobi fuel haulage contract for 5 years in Port Moresby, Lae and Madang, along with tendering for other large scale contracts.

Joint Venture Port Services continues to perform well country wide, particularly in relation to safe work practices and productivity however the business is not without emerging threats, particularly to our Port Moresby and Lae operations. These changes will see the activities of these businesses will cease operations sometime in the early part of 2018. As we work through this significant change, management are working with all stakeholders to pursue the best outcome for our staff and shareholders. While this is a huge disappointment for everyone involved, this change has been dictated by higher authorities and is beyond the control of the company. The early stages of 2018 will see a focus on the Port Moresby and Lae operations along with the development of new regional opportunities.

In what is predicted to be a flat market for 2018 the focus for TPS remains; the maintenance of the highest safety standards, staff training and welfare, service excellence, price competitive and cost sensitive. Despite yet another challenging year approaching we remain confident of managing this as we have in 2017.
2017 was another very rewarding year for Laga despite difficult economic conditions and increased competition across all markets. Overall sales growth was very strong at more than 20% on 2016 and, importantly, we saw strong growth in our core businesses of Ice Cream, Cooking Oil and Specialty Lines. We have also seen the exciting shift of focus from the Trade Winds alcoholic lines to our growing non-alcoholic beverages business. The sale of the Tradewinds business will be completed at the end of 2017 which will mark the end of an important chapter in the history of Laga.

Based on the increased revenue, the business further improved profitability in 2017. This improved result was built on improved operational performance, both in increased product availability and more efficient production and distribution, as well as much improved daily execution by our national sales team. This success, however, highlighted the weaknesses in storage capacity, particularly in frozen storage, to support the clear growth opportunities ahead for all of our business and we now have investment plans in place to address these issues. While Laga still has many opportunities to further improve business performance, 2017 was an important milestone in re-establishing Laga as PNG’s premier consumer foods business.

2018 will be an equally important year for Laga. The domestic consumer market is expected to remain very tight throughout the year, with some relief not anticipated until late in the year or early 2019 when investments in major new projects begin to flow into the country again. Accordingly, we need to continue to position the business to both survive the short term challenges and to thrive in the better times ahead. The 2018 budget approved by the Steamships Board therefore focuses on growth in our core businesses supported by capital investment in initiatives to lift our operating efficiencies and ongoing strong cost control. Our core businesses of Ice Cream, Cooking Oil, Specialty Lines and (non-alcoholic) Beverages hold enormous potential and we will continue to focus on innovation in both product and service delivery. Given the challenging market, Laga must be #1 in customer service and continue to reduce our manufacturing costs and lift production and supply chain efficiencies. We will invest in our physical and human assets to achieve this. To be #1 in customer service, we must further improve our sales execution skills and our business processes and work proactively with our suppliers and customers. As mentioned above, a critical component of the 2018 plan is a significant capital investment program to unlock bottlenecks in our current process.

This includes:

- A multi-million Kina project to install additional freezer capacity in our Lae plant to enable us to meet the increasing demand for Gala Ice Cream nationally;
- Associated with this project, the business will consolidate all of its Beverage lines (including pouches) in the Beverage building;
- Similarly, the Ice Cream Core Machine will also be relocated and upgraded;
- The Dry Finished Goods Warehouse at Lae will also be re-laid out and expanded for increased capacity;
- Further upgrade of Specialty Lines area to improve both food safety standards and build in flexibility for new products;
- Further upgrades of our Ice Cream plant to facilitate new product formats;
- Ongoing investment in in-market freezers to enable the extension of our frozen distribution reach; and
- Further investment in Gala Pala’s around the nation and into other Ice Cream formats and channels.

2018 will be another very exciting year at Laga Industries.
2017 has been a challenging year for Pacific Palms Property within the property market due to the challenges faced by the country as a whole as a result of the declining economy.

Revenue was down on forecast budgets in all sectors however, compared to the PNG property market, PPP seems to have withstood the downturn better than others. In particular, with regards to the residential market and more improvement is predicted for 2018, with the APEC summit occurring in Port Moresby.

Rental rates have reduced during 2017 and PPP has focused on securing new leases on expiring leases to strengthen the property portfolio moving forward. Property outside of Port Moresby have experienced larger decline with the retail/industrial warehousing sector greatly affected. In Port Moresby, small industrial warehousing experienced larger decline with the retail/industrial warehousing sector greatly affected. In Port Moresby, large office space, but the increase in tenancies from month to month. As at November 2017, Harbourside West Tower Serviced Offices, which brought on a gradual increase in tenancies from month to month. As at November 2017, Harbourside West Tower Serviced Offices was running at full occupancy for short term offices & a steady increase in serviced office tenancies as well.

As we enter 2018, and having now identified room for improvement, several plans are in the place for modification of serviced offices into short term offices in the new year - this plan is in line with the increasing demand for not just larger office spaces, but the increase in organizations seeking professional, conducive and modern working environments.

In closing, the PPP business is looking forward to an interesting 2018 with several new developments under consideration in adjacent sectors, to PPP current markets and a focus on lease renewals.

Pacific Towing (PNG) Limited’s vision is to be the premier performance leader in marine towage, salvage, commercial diving and life boat services to the maritime industries in Papua New Guinea and Solomon Islands. Though a tough year, 2017 had successes that helped the team at Pacific Towing Ltd. achieve this vision.

The year started off with the introduction of the 50 ton bollard pull (bhp) 3,600 brake horse power (bhp) tug TURNER, which has been renamed the LANGILA. Fleet Manager Mr. Damon Pangali explained the motivation for the purchase.

‘We are constantly looking to improve and enhance our services to meet and exceed our customers expectations,’ he said. ‘To do this, we added the LANGILA to the fleet and recently relocated the 50 bhp/3,600 bhp tug WERRA to Rabaul; a big upgrade to towage services in that port. To support this, we have invested substantially in the training of our team. We took on 9 cadets this year and in the past month three of our Masters passed their Master 4 orals, two of our engineers have successfully passed their Engineer 3 exams and two of our deck crew have passed their Mate 5 orals.

Mr. Pangali added that the company’s emergency services response capacity has been enhanced with the introduction of an oil spill service which has already been successfully utilised.

To support the requirements of the operations team, Workshop Manager Stanley Holland’s maintenance team has been busy with docking and maintaining the company’s fleet of tugs.

‘The team have been fantastic,’ he said. ‘We’ve been rotating the tugs and have had at least one out of frontline service throughout the year, but still managed to meet all our operational requirements. It’s been a challenge, but we’ve managed.’

Dive Supervisor Ricky Leka said that his team had located and purchased environmentally friendly hull cleaning equipment from Denmark.

“This will allow us to reintroduce this service,” said Mr. Leka. “We have been busy this year, but we are always looking to grow and improve.”

Liferaft Services have introduced automatic Lifejackets. Liferaft Services Manager, Morea Avuru, said that they struggled to meet initial demand.

‘It went really well,’ he said, “and our clients love the product. We have new stock arriving and can service these jackets each year. It has been a great addition to our range.”

Health & Safety Manager Gerard Kasnari said that the last Lost Time Injury occurred on 14 May 2016.

“We are very proud of this achievement,” he said. “We focus intensely on safety. Our Safety Management System was upgraded early this year and we have intensified our efforts in raising awareness. Safety has always been one of our priority, and this will remain the case”

Finance Manager, Ms. Trudie NDesane’s team has had a busy year keeping pace with the ongoing developments.

‘We know that it is important to get the foundations right and to keep on top of all the changes. We’ve got good systems and the team are well prepared. They’ve done well this year and we have had a successful audit that supported our improvement.’

Pacific Towing Ltd. would like to wish their team, customers and suppliers and industry colleagues a Merry Christmas and all the best for 2018.

“We know that 2018 will be challenging,” said General Manager, Neil Papenfus, “but, we’ve got a fantastic team and we look forward to continue to providing the best possible service.”
It's no wonder Rachael Ezekiel took out the Miss Photogenic and 3rd Runner up Awards at the 2017 Miss Papua New Guinea Pageant. Rachael was sponsored by After Dark Fashions. Rachel is part of the Steamships Graduate Development Program currently attached to Head Office in Port Moresby.

Bamu Chief makes the first Consort call at the Asewa Wharf at Voco Point. In to bunker and take on fresh water and spares.

Truckies Black and Gold are 2017 Champions of the Steamships Managing Director’s Cup Mixed Softball Competition in Port Moresby. Truckies Black too out the Managing Director’s Cup whilst Gold took out the Runner up Trophy.

The Expedition team of five people traveling up Lake Murray were welcomed on board by Captain Nunu and the Crew of Kiwai Chief on Saturday 28th October 2017 at the AES wharf. The expedition will take approximately 12 days and will see them traveling to Obo, then to Lake Murray Station and finally to the island of Usakof.

Mr Tim Griffiths, a PNG based lawyer has provided a brief history of this expedition and their objective for this journey.

History of Original Expedition
The first recorded journey was in 1922. An expedition by Frank Hurley and Alan McCulloch on their vessel Eureka, from the mouth of the Fly River to make contact with the tribes on the remote shores of Lake Murray.

Lake Murray was not discovered by European patrol officers until 1913. The Lieutenant Governor of Papua, Sir Hubert Murray had visited Lake Murray shortly before Hurley and McCulloch.

Hurley made contact with the headhunter tribe’s despite the control of the colonial Administration and created a remarkable record of black and white photographs. These images were published in Hurley’s “Pearls and Savages” in 1924. The expedition was a controversy following allegations of theft of artifacts and use of excessive force. Sir Hubert Murray’s Administration seized the artifacts collection and convened an inquiry. The expedition became headline news in Australia.

In the meantime, Hurley’s photographs and cinematographic film brought Papua to the attention of the public in USA and Europe.

Luigi D’ Albertis and Lawrence Hargraves had ventured up the Fly River in 1875. In this journey we want to retrace the route of Hurley and McCulloch’s expedition of 1922 from Port Moresby to Lake Murray creating a photographic record of the journey.

We also want to undertake “Visual Repatriation Project” of original 1922 images of tribal ancestors and the village life. Publishing an Australian Geographic article and producing a documentary film of the Expedition.

Seen below is the project that the Expedition Team traveled all that way to put up. They have now returned to Port Moresby and will be making their way back to Australia to publish their journey as mentioned by Mr Griffiths in his brief description of their journey.

We here at Consort Express Lines Ltd congratulate them on the completed expedition and look forward to seeing the article and documentary.
Chelsea Romo joined the Steamships Graduate Development Program in 2017 as a Graduate Trainee attached to Corporate Office. At 24 years old and the eldest in a family of six, Chelsea is determined to set the pace for her younger siblings and to make a difference.

From East New Britain and Madang Province, Chelsea’s petite stature motivated her to excel in her studies and grade. “When I was in Grade Two my teacher told my mother to move me back to prep. The students used to call me names. I used to keep that advertisement with me because it is a reminder of how hard work and determination pays off.” Chelsea’s one year rotation with the Corporate Office will be completed in late January 2018. Her next destination is Laga in Lae. Chelsea is excited to work in the popular Ice Cream division in Steamships.

Chelsea’s petite stature encouraged her to excel. She completed primary school in Madang and High School in East New Britain. “Mum was a teacher so she made sure we studied hard because she wanted us to do better than her.” Being a teacher is a noble profession and her mother always encouraged her to excel.

Chelsea attended the University of Papua New Guinea from 2012 to 2015 and graduated with a Bachelor of Business and Management. Asked how she heard about the Steamships Graduate Development Program, Chelsea smiled and said “I saw it in the papers in 2015 but didn’t apply because the guys in school always hoarded the computers every day”. In 2016 Chelsea started work with Air Swift and said’s that she kept a copy of the 2015 Steamships Graduate Development Program. She applied and was surprised that she was successful. “I still keep that advertisement with me because it is a reminder of how hard work and determination pays off.”

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Chelsea’s say’s that some of the highlights working with Corporate Office was organizing the Steamships Sporting calendar and the events. “I met colleagues from all six divisions and even got to coordinate my Team for Rugby Touch, Mixed Netball and Softball.” Chelsea would like to thank everyone at Steamships Corporate Office for helping her and giving her the opportunity to learn new things.
REPORT IT. DON'T IGNORE IT!

There are many aspects of safety management that we consider in the day to day running of our businesses, but in this edition of Tok Steamies we would like to focus on near miss reporting.

At Steamships we take safety in the workplace very seriously and zero harm is our goal. One of the most effective ways of managing for zero harm and preventing workplace injuries and incidents is to effectively manage, observe, and record near miss activity.

**WHAT IS A NEAR MISS?**

“A near miss is a leading indicator to an accident that, if scrutinized and used correctly, can prevent injuries and damages.” Typically, these events result from either unsafe conditions, arising from the work environment itself, or unsafe acts, arising from activities performed in the workplace.

**PICTURE THIS SCENARIO:**

An employee walks through the office, stepping over an extension cord stretched across his path. He turns a corner and nearly collides with another worker. To avoid the collision, he steps to the side, and hits a shelving unit, on which a tool placed close to the edge of the top shelf falls and hits the ground, narrowly missing another colleague.

No one is hurt in this fictional scenario. However, a number of employees in it experience multiple near-miss situations – any one of which could have led to a serious injury. Reporting of such incidents and acting on the report will ensure changes in the workplace to eliminate such risk.

**WHY REPORT NEAR MISSES?**

Near misses represent potential threats to the safety of the workplace and its employees. Unsafe conditions and unsafe acts can result in accidents and injuries and they need to be reported as soon as they occur.

Reporting a near miss can ensure that future incidents and injuries are avoided. This can help reduce time lost due to injury and other costs to the business. Good near miss reporting reflects a strong safety culture.

So… if you see unsafe conditions or observe unsafe acts that could have caused harm……report the near miss and contribute to a safer working environment for all!

REPORT IT. DON'T IGNORE IT!

In 2018 we are celebrating our 100-year anniversary.

As part of our planned activities we are developing an extensive online historical record for public viewing of Steamships Trading Company’s association with the country, community and staff over the past 100 years.

If you have any historical pictures, even film reels, anecdotal stories that feature any of the early Steamships stores or our business activities, any early staff photos or even any major PNG milestones that come with a story, and you would like them showcased in such an historic record… we would love to hear from you.

Any materials provided would be loaned and returned, your credit will be acknowledged in the publication and we will give you a restored-retouched digital image of your contribution for your safe keeping and future use.

We are excited about cataloging such history for the company and the country.

For further information:

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WHISTLE BLOWING POLICY

BLOW THE WHISTLE ON BAD BEHAVIOR!

1.0 POLICY STATEMENT
The Steamships Group adheres to the highest standards of business ethics, conducting all its businesses with integrity, promotes fairness and respect among all employees.

2.0 OBJECTIVE OF THIS POLICY
The purpose of the Steamships Whistleblowing Policy is to provide guidelines for any individual (whistle-blower) who wants to raise concern on unethical conduct, fraud, perceived wrongdoings or violation to any provisions of the Steamships Code of Conduct (“Improper Conduct”). This policy is a supplement to Clause 19 of the Code of Conduct.

3.0 APPLICATION OF THE POLICY
The policy applies to all employees of the Steamships Group (the Group) and related parties where Steamships has business dealings. All individuals are encouraged to be vigilant and raise a bona fide concern in good faith to the appropriate personnel without fear of losing their jobs, business dealings or becoming a victim of intimidation and harassment. The Group will maintain strict confidentiality of the reported matters.

4.0 STATEMENT OF SUPPORT TO WHISTLEBLOWERS
The Group is committed to the aims and objectives of this Policy where Whistleblowers are protected to come forward in good faith and on a proper basis to disclose unethical business conduct and other wrong doings (“improper conduct”).

5.0 IMPROPER CONDUCT
For the purpose of this Policy, Improper Conduct is defined as:

I. corrupt, fraudulent or other illegal conduct or activity;
II. conduct that this contrary to, or a breach of, Steamships Codes and Policies;
III. a substantial mismanagement of the Group’s resources;
IV. conduct involving substantial risk to public health or safety; or
V. conduct involving substantial risk to the environment that would, if proven, constitute by the Group or its employee/s a criminal offence;
VI. reasonable grounds for dismissing or dispensing with, or otherwise terminating, the services of a Steamships employee/s who was, or is, engaged in that conduct; or
VII. reasonable grounds for disciplinary action.

6.0 WHISTLEBLOWING PROCEDURES
6.1 To report a genuine concern, the matters should be initially reported to the direct manager.
6.2 If the whistle blower is uncomfortable to report the matters through normal reporting procedures or no satisfactory actions are taken the matter must be escalated to the Steamships Internal Audit (STCIA).
6.3 STCIA will conduct initial assessment of the case.
6.4 If the disclosures are made in good faith, STCIA will gather information and undertake an appropriate investigation.
6.5 Recommendations on the outcome will be given to the appropriate senior management authority to address the matter.
6.6 This Policy is not designed to deal with general employment grievances and complaints.

Any report treated in accordance with this Policy must be for one of the Improper Conduct as outlined above. All general employment complaints or grievances will be forwarded to the respective divisional manager or GM Human Resources to address.

7.0 WHISTLEBLOWING CHANNELS
7.1 Individuals may report their concern through various channels:
i. Via email at stcia@steamships.com.pg.
ii. A text message can be sent to the dedicated Mobile Number 71004481.
iii. Postal Address at Steamships Trading Company Limited, c/o Group Internal Auditor, P.O. 1, Port Moresby.