



**Investment
Promotion
Authority**

2017

Annual Report

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Investment Promotion Authority
2017 ANNUAL REPORT

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OUR VISION

To be efficient, effective and innovative government agency providing world class quality customer services to all our investors.

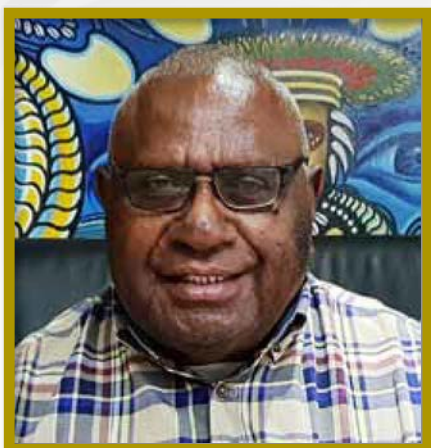
OUR CORE VALUES

The IPA subscribes to the following:

- a. Service Oriented
- b. Team work
- c. Transparency
- d. Honesty
- e. Respect
- f. Ethical Standards
- g. Professionalism
- h. Social Inclusion

MISSION STATEMENT

Our mission is to promote, diversify, support and grow business investments in Papua New Guinea and, for Papua New Guinea globally through an enabling and competitive regulatory environment based on proven organizational systems and processes, and sustained through smart technologies and appropriately structured and resourced high performance IPA.



I am very pleased to provide some thoughts into the 2017 Annual Report for the Investment Promotion Authority (IPA) and highlight key matters of interest. The IPA is one of the key agencies within the Ministry of Commerce and Industry. IPA was established by the Act of Parliament in 1992 to facilitate and promote investments into and within Papua New Guinea. This mandate is vital and sits at the forefront of the IPA focus and must continue to be enshrined and re-emphasized.

In my very first engagement with the management and staff of the IPA since my appointment as Minister responsible, I have articulated my expectations to the Board and management team the current government's expectations through its medium term and the long term development plans including the Alotau Accord II. Government is now focusing on economic development that is to be led by my ministry. I understand the challenges during this time and emphasis for more creativity and innovation in improving on key areas to raise the bar higher.

Whilst I support the work of IPA, I also believe there are significant offices within IPA whose roles are important and requires more strategic work to be done. I see the function of the Securities Commission of Papua New Guinea whose mandate is to protect and regulate capital markets and stock exchange. The Parliament has fully endorsed and certified three new pieces of legislation; the Securities Commission Act, Capital Markets Act and the Central Depository Act that gives additional power to further extend its legitimate jurisdiction to leverage the stock and capital markets. By 2018 we will have completed the structure and the office

establishment. I am also concerned about the Intellectual Property Office that has potential to grow the economy. Lately we have experienced our market being packed with counterfeit products and therefore trademarks, copy rights and patents needs to be protected from infringes. In their regulatory and legislative forefront, I am happy for work done on developing of the Intellectual Property Strategy endorsed and the amendment of the Intellectual Property Act in progress to be endorsed by parliament that will boost their operations.

I congratulate the IPA for achieving over 90% of the programs set in the Strategic Plan 2015 – 2017. The policy and legislative development in the plan are significant areas I am interested to highlight. I support the work done on reviewing the Papua New Guinea National Investment Policy, Investment Promotion Act and the accompanying regulations together with the Associations Incorporation Act. I commend the Asian Development Bank for their continuous support and assistance. These outcomes will guide the formulation and development of the Policy and the Act that is expected by 2018.

Small Medium Enterprise has a potential to ride on from large Foreign Direct Investors by way of partnership or through spin off businesses. In one of my recent investment promotion missions to New Zealand, I observed Cooperative Societies functioning very well, owned by many businesses and contributes 20% to New Zealand's Gross Domestic Product. This is a simple classic example in revamping Cooperative Societies as a tool for SME development in PNG.

Finally, I want to commend my colleague and former Minister for Trade, Commerce and Industry, Hon. Richard Maru, MP for his Term in the Ministry who did much to stabilize and leverage business registration processes and investment promotion. I also congratulate the IPA Board, Management and staff for a sound level of performance and wish them well in their collective endeavor to deliver the important statutory services in 2018.

**HONORABLE WERA MORI, MP
MINISTER FOR COMMERCE AND INDUSTRY**

CHAIRMAN'S *Message*



I am delighted to write you this short message for the 2017 Investment Promotion Authority Annual Report. This year has been a challenging but another successful year for us at the IPA despite tough economic

times and the Board has been reasonably pleased with the Authority's performance with the key initiatives that were rolled out.

At the political forefront, Papua New Guinea has completed the 2017 national election with the election of the Prime Minister and the appointment of new cabinet ministers. The Board is pleased with the new portfolio Minister for Commerce and Industry, Hon. Wera Mori who has already displayed his stern support and leadership for the Investment Promotion Authority.

Within the IPA Board, we have members, Mr. Allan Bird and Mrs Veitu Diro voluntarily resigned to take on their next careers. I commend them for their enormous effort in advice and contribution to the board.

In terms of the IPA's overall performance, I am very pleased with the successful Implementation of the Strategic Plan 2015 – 2017. This is an important planning document whose main objective is to provide a direction for the IPA to focus on its core businesses. The plan was formulated under very specific and important operating conditions which are affecting the IPA's work. After three years of implementation, we have achieved over 95% of the key performance indicators. Remaining projects are mainly with the legislation, policy and regulatory work that will require endorsements of the National Executive Council and Parliament. This is a very high achievement by any standard and the Board and management are encouraged about this progress. We are looking forward to develop our new Corporate Strategic Plan for 2018 – 2020.

The signing of the Memorandum of Understanding (MOU) between Investment Promotion Authority and the Asian Development Bank (ADB) captured the important projects in legislation,

regulatory and policy work we are involved. I am happy that careful analysis and research were done for Policy and Legislation to be clear, transparent and coherent. Also agreed under the MOU is the continuous assistance ADB provides to improve and maintain the hosting of the Online Registry System. This system was ranked at top 5 recognised by private website analysts and was awarded Integrity Initiative of Excellent Award by Transparency International PNG. We are working to improve specific areas of the registry and the Board has agreed to move the Online Registry Database to the cloud hosting that will come into effect by 2018.

The Authority is inundated in supporting the development and growth of SME through continuous provincial outreach and registration. This year in October and November, we covered a total of 11 provinces and observed the bulk of the population in the provinces and districts lack information on how to be involved in the SME. Even if known by few, funding was a constraint to start up small businesses coupled with the need for basic entrepreneurial training.

The IPA is one of the 12 government organizations to deliver timely Audits. The Board of the IPA continues to advocate for transparency, accountability and good governance. As part of that effort, the Board established the Board Audit and Risk Committee, Chaired by an independent Board member. Its mandate is to continue to work with the management in ensuring Governance oversight on risk, accountability and governance. This ensures that the Board and Management continue to uphold the principles of good governance, transparency and accountability.

Finally, I would like to thank my fellow members of the Board for their continuous support and directions. We would also like to commend the Management and staff of the Investment Promotion Authority for working hard this year to support and implement the programs under difficult circumstances.

I look forward to another productive year in 2018.

LEON BUSKENS
CHAIRMAN
IPA BOARD

ACTING MANAGING DIRECTOR'S *Message*



I am happy to present the 2017 Annual Report of the Investment Promotion Authority as required under Section 18 of the Investment Promotion Act 1992, which provides that a report is to be furnished to the Minister for

Commerce and Industry on or before the 15th of March in the year following the reporting year.

This year is another industrious and exciting year for IPA to celebrate its 25th Anniversary since its establishment in 1992. To recap and look back on the Authority's foot prints tells us stories and memories of the journey it has taken, the style of leadership portrayed, vision and mission and the right attitude and focus which has taken us to where we are today. We design and continue to plan on our next course of the journey. Our milestone achievements speak volumes of the efforts put in by all IPA board, management and staff who have made this entity one of the best performing organizations. We believe on achievements and results that gel on its principles and values to be transparent and accountable for every financial transaction. This is evidenced by providing Annual Reports containing certified financial statements from the Auditor General annually to the government and NEC for their record and deliberation.

I am extremely pleased that we have gone through our 2015 – 2017 strategic plans successfully with the achievement of over 95% of the KPIs and that again is a testimony of the efforts put in by all staff. This year we have concluded the Intellectual Property plan and the Securities Acts endorsed by the Parliament. The remaining policy legislation and regulatory work are captured under the Memorandum of Understanding (MOU) between IPA and ADB where work has already begun with the Associations Act and the National Investment Policy review and formulation, Securities Commission regulations and of course the online registry system upgrading and improvement.

Our clients and stakeholders are important to us and always remain our number one priority. This has kept us on our toes for the online registration system to be up and running effectively despite the challenges including power outages affecting our servers. And again this effort was rewarded by receiving the online registry system award by Transparency International PNG 2017. The Investment Promotion Authority is taking steps to move the Online Registry Database to Cloud hosting. This will free us from some challenges encountered throughout the year and reduce turnaround time beneficial to our clients within the country and abroad. We continue to provide extra counters in regional offices. This year we expanded our office in Lae with new office space, Rabaul Kokopo relocation to a new office with Mount Hagen and Bougainville to follow suit. We continued our awareness and spot inspection exercises this year and will cover the remaining provinces in the 2018.

With 2018 being our APEC host year, I foresee greater involvement for a lot of our staff as we strive to deliver a successful host year in terms of driving key policy issues. Our continued involvement with the Investment Experts Group (IEG) and the Intellectual Property Rights Expert Group (IPEG) will require all efforts in driving policy initiatives that will directly impact on our people and APEC wide. We remain positive and certain to deliver to the Board and government's expectations.

I wish to thank the Board, Management and staff of the Authority for their support and hard work in making 2017 a very successful year. I also look forward to another successful year in 2018.

I now commend the rest of the 2017 IPA Annual Report to our stakeholders.

Thank you.

CLARENCE M. HOOT
ACTING MANAGING DIRECTOR

4. KEY AREAS OF REGULATORY AND LEGISLATIVE ROLES IPA INVOLVED.

1. National Investment Policy

The NIP 1 and 2 is obsolete after 16 to 17 years and therefore IPA initiated work in reviewing the policy. Consultation was done with the Department of Commerce and Industry and the SME Corporation regarding the SME policy and the Reserved Activities List, the Department of Labour and Industrial Relations, PNG Immigration and Citizenship Authority on Work permit and Visa, and the private sector to collate views on Investment in PNG, Central Bank, Chamber of Commerce and Industry, Department of Treasury for the competition policy and the Department of Lands and Physical Planning were also part of the interviewees. The general issue identified from the regulatory and the policy perspective respectively is very important to the development of the policy. The stakeholders gave their opinion and agreed to be in the technical Working Group Committee.

2. Investment Promotion Act

The Investment Promotion Act has been in operation for 25 years. The Act is reviewed to suit the changing global business environment whilst taking into consideration the Small to Medium Enterprise Policy and Master Plan. IPA carried out a diagnostic review of the Act with the assistance from the ADB and received a first draft of the required amendments with relevant department. Work in this is progressing.

3. Securities Commission Act

Through close collaboration with the Office of the First Legislative Council and the Clerk of Parliament, obtained the Gazettal and Certification of the Securities Commission Act 2015.

4. Central Depository Act

The Securities Commission of PNG successfully obtained certification of the Central Depository Act 2015 in 2017.

5. Capital Market Act

The Securities Commission of PNG successfully obtained certification of the Capital Market Act 2015 in December 2017.

6. National Intellectual Property Plan

The National Intellectual Plan was successfully

completed with the assistance of the ADB. The Intellectual Property Office now is rolling out his plan as designed.

7. IPA National Staff Housing Policy

This policy works in line with the national government's policy on First Home Ownership Scheme. The policy was launched on 20th February 2017 by the IPA Board Chairman and witnessed by Management and IPA staff and some members of the Board. The policy is being implemented successfully.

5. STRATEGIC BUSINESS DIVISIONS

A. INVESTOR SERVICING AND PROMOTION DIVISION (ISPD)

The Investor Servicing and Promotion Division is the face of IPA in terms of investment promotion. The ISPD core function is to promote investment and also in complement trade promotion and facilitation and related policy matters.

1. Australia Papua New Guinea Business Forum and Trade Expo

The Australia-Papua New Guinea Business Forum is the major annual bilateral business conference that brings together political and business leaders from Australia and Papua New Guinea (PNG) to discuss business, trade and economic issues.

The theme for the 2017 event was *"Navigating the Cycle – creating the opportunities in challenging times"*.

The Authority, as usual, co-sponsored the exhibition component of the forum together with AUSTRADE.



1.1 Inward Investment Missions

In 2017 we facilitated potential investors seeking investment information and how to go about doing business in Papua New Guinea.

The potential investors were very keen on information about doing business in Papua New

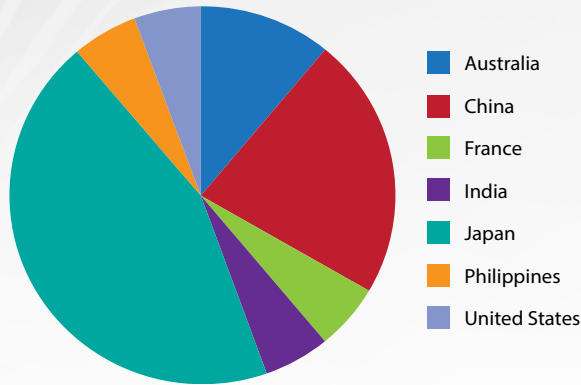
Guinea. The investment interests were in the sectors of tourism and hospitality, mining, retailing, manufacturing, building and construction and other consultancy services.

The table below provides some of the notable inward investment missions facilitated throughout 2017.

No.	Sector of Interest	Month	Country/Region
1	Shopping malls/retail, hotels, agriculture, construction, entertainment, finance.	January 17-21	Philippines/China
2	Solar energy, healthcare, multi-specialty hospital/health tourism, handicrafts, petroleum & natural gas, textiles, food processing, agriculture and tourism.	February 14-19	India
3	Agriculture, fisheries, tourism, power generation, financial services.	February 17-19	Japan
4	Construction, energy, ICT, finance.	February 22-26	China
5	Engineering and architectural consulting interested in investigating and finding out more on the proposed Nadzab Urban Satellite Project.	March 04-07	Japan
6	Energy Sector – Power generation Gas Sector - LNG & LPG, mining – coal power generation.	March 13-16	China
7	Investigate investment potential in PNG sashimi (fresh tuna) exports to Japan.	June 13-25	Japan
8	Tourism and agriculture.	June 28-30	Sydney Office (Australia)
9	ICT (seeking to invest in GST Monitoring System)	June 30	Japan
10	Solar power (renewable energy), seeking business opportunities in producing and installing solar power	July 12-16	Japan
11	ICT and transport licensing and payments system (concept design)	August 11-September 30	Australia/Japan
12	ICT and transport.	September	France
13	ICT, energy, military hardware, equipments, machinery.	October 03-07	Japan
14	ICT and finance.	October 19	US
15	Electronics company seeking opportunities to invest in the field of micro grid technology and internet data centre technology.	October 23-29	Japan
16	Tourism (deep sea tourism and hotels).	November 04-08	China
17	Interested in import/export business with brewery and potential bottled water producing companies plus looking at opportunities to import oil palm husks for biomass power generation in Japan.	November 21-23	Japan

From the above, six (6) companies were recorded as registering their business in the country, as a direct result of our promotion and facilitation work.

ENQUIRIES BY COUNTRY



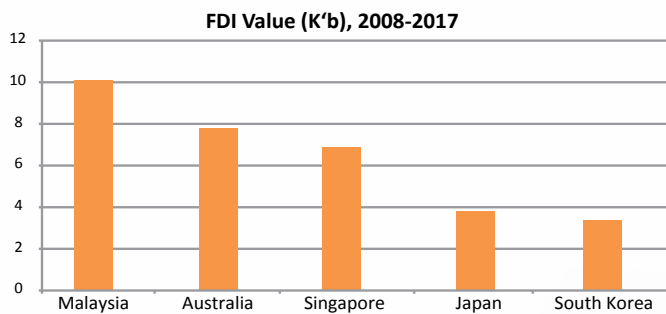
The above graph portrays the investment enquiries by country. Most enquiries originates from Japan, China and Australia.

Foreign Direct Investment Facilitation

Foreign Direct Investment facilitation is another key functions that the IPA performs.

From 2008 to 2017, Malaysia has been the top investor (by proposed investment figures), followed by Australia, Singapore, Japan and South Korea.

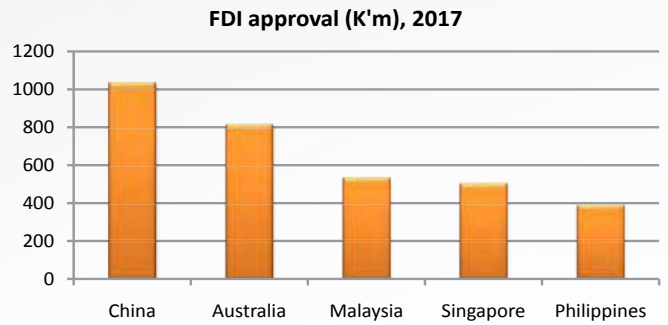
Top 5 investors, 2008-2017



Source. IPA Certification Database, 2017

However, in 2017 alone, China had the highest investments (by proposed investment figures) in Papua New Guinea, followed by Australia, Malaysia, Singapore and Philippines.

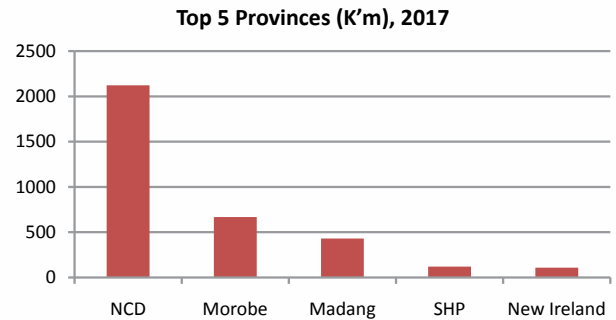
Top 5 FDI Approval, 2017



Source. IPA Certification Database, 2017

In 2017, National Capital District had the highest number of investments (proposed) followed by Morobe, Madang, Southern Highlands and New Irelands provinces.

Investment flows into Top 5 Provinces of PNG, 2017

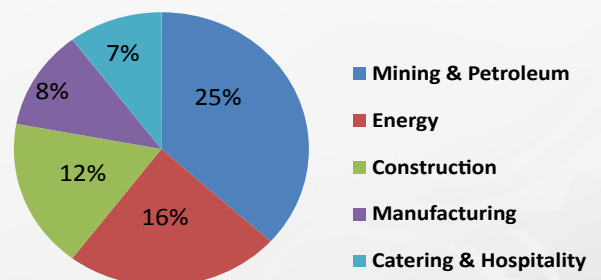


Source. IPA Certification Database, 2017

From 2008 to 2017, the Mining & Petroleum sector had the highest percentage of investments (by proposed investment figures), followed by Energy, Construction, Manufacturing and Catering & Hospitality. Note that this was in the pre-PNG LNG, during the PNG LNG Construction and during the PNG LNG Production periods. And also during the preparation of the hosting of APEC 2018 in Papua New Guinea.

FDI Value by Top 5 Sector, 2008-2017

Investment by Sector (%)



Source. IPA Certification Database, 2017

1.2 Outward Missions

The Investment Promotion Authority facilitated and attended the following outward investment missions among others;

- a) Islands Economic Forum, Anhui, China
- b) Business Advantage PNG Investment Conference, Sydney, Australia
- c) PNG-Malaysia Trade and Investment Briefing, Kuala Lumpur, Malaysia

1.3 Project Profiling

Project Profiling Exercise is an ongoing work program. IPA has collated and compiled more than 20 project profiles. The project profiles are shared with our network partners and also uploaded on the IPA website for promotion.

1.4 Policy Advocacy

We continued to contribute to the APEC process, WTO Trade Related Assistance process, the European Union Trade Related Assistance Program Phase III, Pacer Plus and the MSG.

1.5 APEC and APEC Investment Expert Group (IEG)

We continued to participate and contributed in the APEC process by attending APEC meetings.

We coordinated the PNG IEG working group to discuss and implement the IEG and EODB activities as agreed to in the APEC meetings.

No.	Activity	Venue	Date	Attendees
1.	APEC Informal Senior Official Meetings	Vietnam	Dec 2017	A/MD
2.	APEC Senior Official Meetings (SOM 1) and Related Meetings: i. Investment Expert Group (IEG 1)	Vietnam	20 th Feb to 04 th March	A/MD, A/ Dir/ISPD, A/Manager IP,
3.	APEC Senior Official Meetings (SOM3) and Related Meetings, including: i. IEG Meeting and attended the seminars	Vietnam	18 Aug to 03 rd Sep 2017	A/MD, D/ISPD, M/IP, SPO-IA

Part of our work under IEG is coordination and implementation of the APEC Investment Facilitation Action Plan (IFAP).

1.5.1 APEC PNG 2018 PREPARATION

We participate in capacity building in preparation for APEC PNG 2018. Several trainings took place and officers are already on alert to host the important APEC meeting through;

1. Investor Expert Group; and
2. Intellectual Property Expert Group

Below is the picture of the Prime Minister, Peter O'Neill with staff taking APEC training programs on International Relation and International Trade in Australia with the support of the Australian Government



1.5.2 MSG

We also participated in the ongoing work of the Melanesian Spearhead Group (MSG) Meetings, in terms of policy discussion and contribution towards advancing the MSG Trade Agreement among other things.

Discussions continued around investment, economic and private sector issues and reports including the following:

- *The Technical Working Group Negotiations (TWGN) on Trade in Goods (TIG) and Trade in Services (TIS).*
- *The MSG Trade Agreement 3 (MSGTA3) in the areas of TIG and TIS.*
- *The Heads of Investment Promotion Agencies (HIPA) and Industry Officials Meeting (IOM).*

2. MARKETING AND EXPORT PROMOTION UNIT

2.1. BUSINESS DEVELOPMENT PROGRAMS

We published the Guide on Export and Import Procedure and Export Development Assistance in 2017.

The Marketing and Export Promotion Unit is specifically concentrates on facilitating PNG local products to international markets. MEPU also provides information or guide on export and import procedures and development assistance. This saw the production of the second edition of what was previously referred to as Exporters Directory. This booklet was printed with the assistance of the Trade Division of the Department of Commerce and Industry through the European Union Trade Related Assistance Program Phase 2 and it is now available for businesses and the public.

2.1.1 Air Niugini Cocoa Warwagira (25th - 27th May)

IPA also participated in this festival and sponsored the event with K4, 500.00.

2.1.2 Export Products for APEC VIP Lounge and Meeting Venues

The Investment Promotion Authority together with the Tourism Promotion Authority organized the display of high end PNG made exportable products for APEC purposes at the Jacksons International VIP lounge and other selected APEC 2018 host venues.

2.2 FACILITATION OF IN-BOUND TRADE/ FACT FINDING MISSIONS

2.2.1 Facilitation of JETRO Sydney Officials visit to PNG

This was the first official engagement between the Authority and the Japan External Trade Organization (JETRO) office based in Sydney, Australia as part of facilitating interested PNG companies to participate in the annual International Food and Beverage Exhibition (FOODEX Japan).

Amruqa was selected and confirmed its interest to participate in the 2018 exhibition thus the 2017 visit by JETRO officials to meet the second edition of what was previously referred to as Exporters Directory.

2.3 EXPORT PROMOTION PROGRAM

2.3.1 2017 Pacific Path to Market Workshop

Investment Promotion Authority in partnership with Pacific Islands Trade & Invest (PT&I) New Zealand hosted the 4th Pacific Path to Market Workshop in Lae and Port Moresby from 5 to 6 December, 2017 respectively. The workshop was successfully delivered with a total of (16) participants from ten organizations attending the session in Lae while for Port Moresby a total of twenty-three (23) attendees from sixteen (16) organizations attended.

Preparations were done for exporters who attended the workshop and who were interested to showcase their products at the annual Pasifika Festival in Auckland, New Zealand.

2.3.2 2017 Pasifika Festival, New Zealand

As part of the Pacific Path to Market Program's aim to connect Pacific Island companies to the NZ market, the 3rd series of Path to Market workshop was facilitated and conducted in August 2016 from which 3 participating companies namely the Bilum Export and Promotion Association (BEPA), Maxton Haus and Buna Treks and Tours participated in the Pasifika Festival in New Zealand from the 24th – 28th of March, 2017.

It was the second festival for Buna Treks and Tours who participated to sold handicrafts from the local community it engages with. For BEPA and Maxton Haus, this was the first experience that came with a lot of interest from visitors to their stall Maxton Haus almost sold all of its cosmetic products in the first day of the two days festival and BEPA also attracted company and assessed its products to make its recommendation to JETRO head office in Tokyo, Japan. The Unit facilitated this visit and accompanied the team to Kokopo to visit Amruqa in Kokopo. Investment Promotion Authority also arranged for the team to meet with Paradise Food and Beverages as well as Superior Coffee in Port Moresby who had both expressed interest to attend similar future events.

2.3.3 Participation in PHAMA (Pacific Horticulture and Agriculture Market Access) PNG Steering Committee

Meetings and Industry Working Group Meetings.

Investment Promotion Authority continued to be committed in attending PHAMA meetings including the Cocoa Industry Working Group and PNG Steering Committee Meeting, which is the committee overseeing all the industry working group including Cocoa, Coffee, Fresh Produce, Spices, Fisheries, Forestry, Handicrafts and Coconut.

3. PUBLIC RELATIONS UNIT

3.1 e-Newsletter

The newsletter continues to be an important information tool for the IPA. The subscription list has continued to increase and the newsletter has continued to gain popularity.

3.2 Communications Strategy

This involved the formulation of an effective Communication Strategy encompassing all IPA related matters, programs and activities. This also includes the rebranding and repositioning of IPA considering the current business environment and relative changes in the organization and creation of a new look IPA portfolio via the IPA website, social media, publications, digital mechanisms, merchandise etc.

The awareness activities were devised according to the Communication Strategy.

3.3 Provincial Awareness

The IPA Awareness and Provincial Outreach Program involved the roll out of awareness activities and seminars at the different provinces in the country inclusive of; Autonomous Region of Bougainville (Arawa and Buka), Mt. Hagen, Gulf, East New Britain, East Sepik, New Ireland, Morobe, Central, Madang, West New Britain, and Oro Provinces.

The awareness involved a joint collaboration with stakeholders such as Customs, IRC, Immigration, Central Bank, Department of Rural Implementation and Development, etc, in a bid to create awareness and initiate discussions on proper business procedures. The program was well supported by stakeholders and well received by SMEs and the private sector in the provinces visited.

Below: Pictures taken with children in New Ireland while on an outreach program.



Below: Women doing their craft marketing.



Below: The picture depicts a group from the Ramu Nickel Mines areas being advised on the process and purposes of the different type of businesses and non businesses. The target group learnt a lot and appreciated work IPA has done.



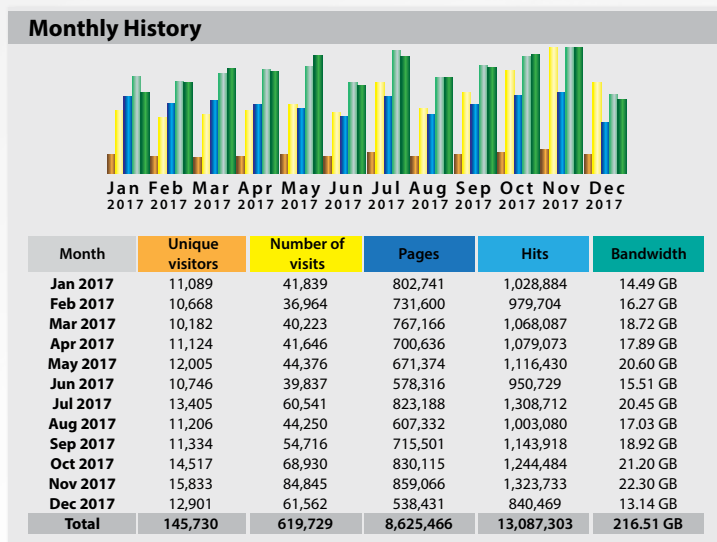
3.5 Website

The IPA website been continuously sought for investor and business related information.

A diagnostic test was done on the use of the IPA online services. Results showed that the web presence of IPA services has greatly reduced the cost of doing business; and the time to register a business has also been greatly reduced.

3.6 Website hits and Statistics

The following are statistics from the months of January to December 2017:



Top 10 Pages visited

Pages- URL (Top 10)	Viewed	Average size	Entry	Exit
165 different pages-url				
http://www.ipa.gov.pg/why-png/	380,335	191 Bytes	43,422	43,408
http://www.ipa.gov.pg/	87,165	58.28 KB	8,730	7,679
http://www.ipa.gov.pg/xmlrpc.php	34,118	1.39 KB	148	174
http://www.ipa.gov.pg/do-it-online/	7,662	34.97 KB	3,034	2,143
http://www.ipa.gov.pg/wp-content/theme/catalystCMSClean/fonts/f...	7,063	37.35 KB	993	2,739
http://www.ipa.gov.pg/wp-content/theme/catalystCMSClean/fonts/f...	2,415	21.93 KB	206	734
http://www.ipa.gov.pg/forms-for-download/	1,952	36.04 KB	476	229
http://www.ipa.gov.pg/forms-for-download/companies/	1,624	37.90 KB	265	426
http://www.ipa.gov.pg/forms-for-download/business-names/	1,572	35.30 KB	272	368
http://www.ipa.gov.pg/wp-login.php	1,563	2.79 KB	1,320	572
Others	12,962	75.16 KB	2,696	3,080

Countries by which traffic is coming from

Visitors domains/countries (Top 10)	Pages	Hits	Bandwidth
Commercial	399,968	416,053	1.47 GB
Unknown	67,694	277,399	5.56 GB
Unknown	51,096	51,096	3.35 GB
Papua New Guinea	7,947	46,878	979.73 MB
Network	2,902	14,140	405.90 MB
Unknown	2,069	10,021	103.54 MB
Australia	1,570	12,709	335.65 MB
Italy	1,352	1,384	4.77 MB
European country	933	1,007	15.77 MB
Germany	325	455	46.52 MB
Others	2575	9327	928.02 MB

Top 10 items downloaded from the website

Downloads (Top 10)	Hits	206 Hits	Bandwidth	Average size
http://www.ipa.gov.pg/robots.txt	2,101	0	896.72 KB	437 Bytes
http://www.ipa.gov.pg/wp-content/uploads/form1.pdf	540	45	6.71 MB	11.74 KB
http://www.ipa.gov.pg/wp-content/uploads/form2.pdf	385	29	3.56 MB	8.79 KB
http://www.ipa.gov.pg/wp-content/uploads/form4.pdf	337	25	3.31 MB	9.38 KB
http://www.ipa.gov.pg/wp-content/uploads/FORM3.pdf	314	15	5.41 MB	16.82 KB
http://www.ipa.gov.pg/wp-content/uploads/form5.pdf	303	21	2.45 MB	7.74 KB
http://www.ipa.gov.pg/wp-content/uploads/form3a.pdf	297	26	2.78 MB	8.82 KB
http://www.ipa.gov.pg/wp-content/uploads/Association-Form1.pdf	275	15	9.46 MB	33.39 KB
http://www.ipa.gov.pg/wp-content/uploads/form221.pdf	202	8	4.89 MB	23.85 KB
http://www.ipa.gov.pg/wp-content/uploads/form16.pdf	180	9	1.85 MB	10.00 KB

Top 10 Key phrases and words that visitors type to search for the website

Search Keyphrases (Top 10)			Search Keywords (Top 10)		
Full list			Full list		
191 different keyphrases	Search	Percent	200 different keywords	Search	Percent
ipa png	73	12.2 %	ipa	244	20 %
www.ipa.gov.pg	50	8.4 %	png	158	12.9 %
ipa online	32	5.3 %	online	62	5 %
ipa	24	4 %	www.ipa.gov.pg	50	4.1 %
investment promotion authority	19	3.1 %	investment	28	2.3 %
png ipa	15	2.5 %	promotion	28	2.3 %
^y6^x^dm269^s17766^pg	15	2.5 %	authority	28	2.3 %
ars	12	2 %	business	27	2.2 %
^bnf^x^dm095^ttab02^pg	11	1.8 %	registration	23	1.8 %
^bx2^x^dm050^s20684^pg	10	1.6 %	company	23	1.8 %
Other phrases	334	56.1 %	Other words	546	44.8 %

Top 10 external links traffic is coming from

Links from an external page (other web sites except search engines) - Full list	742	0.1 %	1,092	0.2 %
- http://webcache.googleusercontent.com/search	13	283		
- https://skladchik.com	12	12		
- http://www.pngfacts.com/registering-a-company-in-png.html	12	12		
- http://kabinet-online-sberbank.ru	9	9		
- https://duckduckgo.com	9	10		
- http://192.168.10.18/intranet/external-links/	9	9		
- http://c-ws.ru	8	8		
- http://pitall.ru	7	7		
- http://172.16.19.3/cgi-bin/nph-xauth	7	7		
- https://pandapool.io	7	7		
- Others	649	728		
Unknown Origin	616	0.1 %	688	0.1 %

3.7 Invest in PNG Magazine

This biannual project- Invest In PNG Magazine has been revived and the first issue came out in June. The magazine was well received and carried an advertising component which was a revenue generating area for the division.

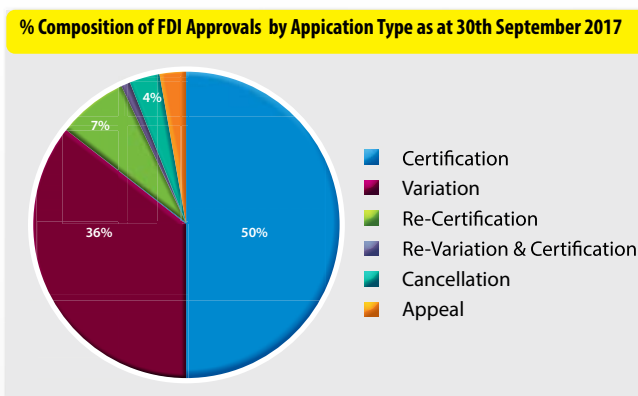
3.8 DVD Updating

The first draft of the updated DVD has been received. Comments and feedback from management have been accommodated in the second draft.

The aim is to complete the project once the Managing Director's position has been filled so that the shooting of the MD's piece at the end of the DVD can be done. The production is being done by the Black Orchid Multimedia Productions.

jobs. Of this total, 84.24% were proposed national jobs while the remaining 15.76% were proposed jobs for foreign citizens.

Contained in the pie-graph below, is the composition of FDI approvals as at 30th of September 2017.



4. RESEARCH AND INFORMATION UNIT

4.1 FOREIGN CERTIFICATION DATABASE 2017

As at 30th of September 2017, a total of 524 FDI approvals were recorded. In association to the FDI approvals, a total of more than K3.109 billion of proposed FDI is recorded together with total employment of 7,428 proposed

From the chart it should be noted that:

- Certification has 50% of the total FDI approvals which implies half of the total number of approvals as at 30th September 2017 were new investors;
- While 36% were variations conducted by existing investors; and
- Below 7% of the total FDI approvals were for other reasons including re-certification.

The increase trend on new investors having 50% of the total FDI approvals is attributed to the associated industrial demand created as spin-off activities in preparations for the 2018 APEC Leaders' Summit, particularly in the Construction, Real Estate and Catering & Hospitality sectors.

Despite the above trends, the PNG economy very much declined due to several factors:

- Fall in the export commodity prices causing decline in export earnings;
- Decline in government's tax revenue; and
- Increase in Public Debt to finance budget deficits.

The overall trend for the year will be covered in the next unit report.

4.2 QUARTERLY CERTIFICATION BULLETIN

In terms of QCB publication, the first quarter 2017 has been completed while work is still in progress on the second quarter QCB while third quarter will feature a comparison between, the first and second quarter QCBs.

4.3. PROVINCIAL DATABASE SURVEY AND SPOT INSPECTION

The Research & Information Unit has conducted one Provincial Database Survey & Spot Inspection exercise in Lae, Morobe Province in the early part of this year, 2017 and the plan in place to carryout similar exercises in other provinces including Gulf province and in New Guinea Islands region, covering New Ireland, East New Britain, West New Britain, and Buka (AROB). In addition, the unit is also planning to do a re-visit Spot Inspection and Database Survey in National Capital District, Central and Gulf Provinces.

4.4. IPA PROVINCIAL MOU PROGRAM

A number of Memorandum of Understanding has been signed including:

- IPA-Madang Provincial MOU (signed on Tuesday 24th, January 2017)
- IPA-Morobe Province MOU (signed on Friday 7th April 2017)
- IPA-East Sepik MOU (signed on Thursday 5th October 2017).

Others are pending signing including Milne Bay, Gulf, West New Britain, East New Britain and New Ireland Provincial Administration. The signing of the MOUs with the respective provincial adminis-

trations has effectively established IPA Help Desk within Provincial Commerce Offices throughout the provinces to administer and execute some of the IPA functions at the provincial level.

5. BUSINESS LICENSE INFORMATION SYSTEM (BLIS)

The compilation of information and database for Business Licensing Information system (BLIS) is completed and a soft copy submitted to Biz Print for printing. Overall, document has been printed.

6. TERMS & CONDITIONS (T&Cs)

The backlog of Terms and Conditions Reports has been reduced significantly. The current backlog is at May 2016. Processing has been slow due to technical issues which Foster Moore is yet to resolve. A formal PNG/FM Service Desk – for raising issues was filled out and a report was done on the 24th of April 2017 for appropriate action by Foster Moore. Since then, the technical issues have not been resolved and the issues are still pending.

B INTELLECTUAL PROPERTY OFFICE of PNG (IPOPNG)

The Intellectual Property Office (IPO) administers granting and registration of intellectual property rights relating to trademarks, patents and industrial designs. The IPO also provides information on the protection of copyright. Copyright unlike the three other areas of IP is automatic protection and therefore does not require formal registration process to obtain protection.

IPO has identified 10 objectives to achieve within three years under the IPA Strategic Plan 2015 to 2017 and the Office endeavours to complete all if not most of these objectives by the end of 2017.

Summary of Program Outcomes

In 2017 the IPO continued to carry out its mandated functions and continued work on its program priorities outlined under the IPA Strategic Plan. The key program priorities for 2017 were:

- a) National Intellectual Property Plan – was successfully completed with the assistance of the European Union under the Trade Related Assistance Program,

- Phase 2 (TRAP II) they had with the Department of Trade, Commerce and Industry. While the document has been approved by the IPA Board, the Intellectual Property Office intends to progress the strategic plan in 2019 by developing necessary instruments to institutionalize the National Intellectual Property Committee (NIPC), who will be responsible to provide the policy advice needed to progress the work programs within the plan.
- b) The Intellectual Property legislations are still undergoing review with particular focus on the Trade Marks Act Chapter 385 and Copyrights and Neighboring Rights Act. This is in preparation for PNG's accession to the Madrid Protocol which is focused on the Registration of International Trade Mark applications filed in PNG and Berne Convention for the establishment of Collective Management Societies for PNG's Creative Industry.
 - c) Accession to Madrid Protocol and Bern Convention - Work is currently continuing on the preparation to accede to the Madrid Protocol (Trade Marks) and Berne Convention (Copyright). For the Madrid Protocol, preparatory work has begun on the accession with a Ministerial Submission been prepared for the Minister for Trade, Commerce and Industry and the Minister for Foreign Affairs respectively. This is intended to inform and provide awareness to both Ministers on the intention to accede so as to seamlessly facilitate the process of accession. Consequently, the amendments made in the legislation is to compliment the intended accession work program. In relation to the accession for Berne Convention, work will commence in 2019.
 - d) Service fee increases have been proposed through the use of a cost benefit analysis exercise that was conducted for Trade Marks, Patent and Industrial Design applications and a revised submission is yet to be submitted to the Minister. Subject to the Minister's approval, a further submission will be made to the First Legislative Council (FLC) to review the Trade Marks Regulation and the Patent & Industrial Designs Regulation for

implementation by the office.

- e) In terms of ease of doing business, the division continues to review its systems and process to improve its efficiency and accessibility to its clients by way of carrying out small projects such as the digitization of physical files within the office to make it become paperless overtime.

The office began substantive work on these programs during the year with the intention to give focus and priority to completing the main programs. The main programs that the office focused on progressing were the National IP Plan, the amendments to the Trade Marks Act and Copyright & Neighboring Rights Act, Accession to Madrid Protocol and Berne Convention, and the increase in administrative fees for registration of applications.

1. Programs

i) National Intellectual Property Plan

The objective of the IP Plan is to create the road map in how it can develop in the country through targeting certain areas of focus and further more in collaboration with relevant stakeholders. This Plan once implemented would result in more utilization of intellectual property leading to economic benefits that can be achieved as a country. Therefore it is envisaged that the implementation of a national IP strategy will encompass the development goals of the country, take heed of circumstances peculiar to the country while at the same time incorporating international obligations.

The work started in 2009 and in 2010 the first draft was produced with the assistance from the World Intellectual Property Organization. With the technical assistance under Trade Relation Assistant program (TRA) II with the European Union, an external consultant was engaged to review and re-draft the plan to complete it. The office is now working towards institutionalizing the committee responsible in overseeing the rollout of the plan and engaging with key stakeholders to facilitate the implementation of the programs therein.

ii) IP Law Amendments

Reviews of IP Law Amendments continue to be a key priority. Reviews included extensive review on Trade Marks & Geographical Indications Bill (Proposed Amendments to Trade Marks Act Ch.385) and the Patents and Industrial Designs Bill (Proposed amendment to the Patents and Industrial Designs Bill 2000). The reviews were completed and submitted to the Legal Officer to do the drafting and finalization of the amendments. This program will continue in 2018.

iii) **Fee Increases for Trade Marks, Patents and Industrial Designs**

The Fee Increase exercise was completed in late 2014. After approval from the Board, the drafting and finalization of the fees were completed early this year which resulted in a submission made to the Minister responsible in the third quarter of the year. The submission was returned by the Minister with the request to conduct a breakeven analysis on the figures provided. It is anticipated that a review will be conducted and a resubmission made in 2018.

iv) **Accession to Berne Convention and Madrid Protocol;**

Work has begun on the accession to the Berne Convention and Madrid Protocol. This year some work was done on the Madrid Protocol by carrying out a comparative study between the international filing system and the office's existing trademark registration system. This comparative study provided the basis for review of the Trade Marks Act (CH385) and so work will continue in this area in 2018.

Work on the Berne Convention including amendment recommendations for the Copyright & Neighboring Rights Act were substantively progressed since 2014 – 2015 and so, the office was required to qualify the existing amendments, update and progress the matter for submission to the Minister responsible. The necessary reviews have been completed pending drafting of the Copyright & Neighboring Rights Bill. Consequently, work will continue in these two areas in 2018.

v) **Other ongoing work programs**

IPO continued to work on other ongoing work programs or initiatives identified under the Strategic Plan. This included improvements to business systems and processes as well as training and development of staff and the annual World Intellectual Property Day awareness program.

a) **Improvements to business systems and processes**

Improvements to business systems and processes relates to constant initiatives to improving the present business process and systems in a bid to provide a more efficient and adequate intellectual property system for clients, stakeholders and the general public. This year's work program also included other substantive work being conducted by the office relating to (1) the completion of the reviewed Trade Marks draft manual, (2) the redesign and launching of the new look IPOPNG website and (3) upgrading of the registration database called Industrial Property Administration System (IPAS). In addition to the upgrade, several steps within the registration process for Patent, Industrial Design and Trade Mark were also automated to improve turnaround times in processing client requests. The work on the IPOPNG website had also begun with the invitation of expression of interest from local web designers who will later on be put through a selection process for a suitably qualified candidate to conduct the work. It is anticipated that the work on the website will commence and end in the first quarter of 2018.

Digitization Project

The office commenced its Digitization project in April 2016 with the objective of scanning old files into the system. Casuals were employed for 6 months to complete the project however there remains a lot of work to be done. This project will continue in 2018 and additional manpower is required to complete the project.

Training for Industrial Property Automated System

There continues to be capacity building pro-

vided by WIPO in the management of the Automated system. Manager IT and the Senior IP Registration officer undertook a training workshop in the Philippines and WIPO continues to build capacity to improve our systems and processes every time at the IP office.

b) World Intellectual Property (IP) Day celebrations

The World Intellectual Property day falls on the 26th April every year. Globally the Intellectual Property Office promotes a theme and carry out awareness to people who are innovative and creative to know their rights of protecting what has been derived from their creativity.

This year the theme was Innovation: Improving Lives. Lives can be improved in every way through the use of innovations in transport, health, education, communication and agriculture.



c) Training and development of Staff

This program is one of the areas which is ongoing. In 2016, there was a staff who began the Masters in Business Administration at the UPNG and completed her program in 2017.

Apart from the core training activities, staff continues to attend workshops and meetings and share idea with other economies on the developments of IP.

There are some of the trainings sponsored by the World Intellectual Property Organization (WIPO) as the one below while the others are in Industrial Property Automated System (IPAS) registration.

Below: *World Intellectual Property Training on Trademarks Examiner of the Pacific Island Countries hosted here in PNG.*



2. REGISTRY PERFORMANCE IN TERMS OF TRADEMARKS, PATENTS AND INDUSTRIAL DESIGNS AND COPYRIGHT QUERIES

The Office continued to perform its registry functions in carrying out its usual business processes. The Industrial Property Registry refers to Trademark, Patent and Industrial Design registry.

i) Copyright

Copyright protection is an automatic protection which means that the work is automatically protected once created. This means that a person/entity/group seeking copyright protection need not apply through a formal registration process unlike the three other areas of IP (trademarks, patents and industrial designs). Given this, clients often seek information from the Office on the clarity of obtaining protection for works for which they perceive as copyright.

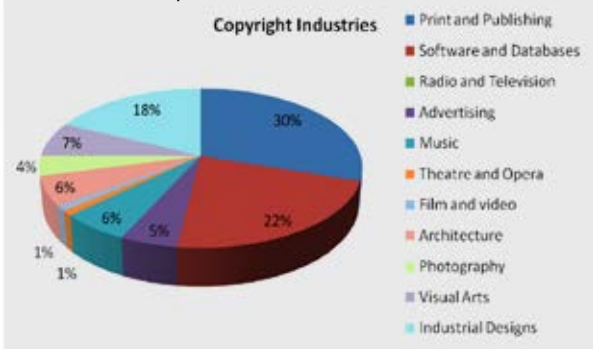
These are main issues received;

- General copyright infringement issues;
- Literature related queries (translation issues, books, lecture notes, training manuals, business concepts, schemes and/

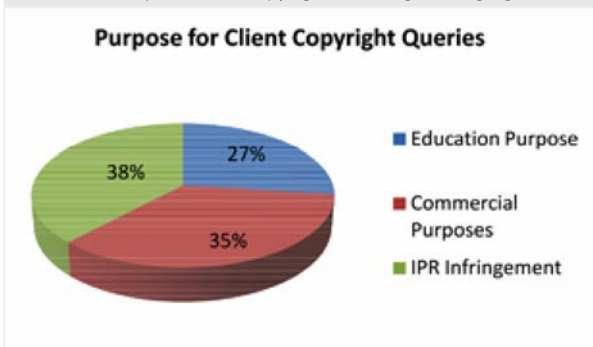
or plans; production of pamphlets, brochures etc)

- Application of international treaty matters (Berne Convention);
- IT related queries (Computer software, computer protection, website protection, online content consent issues etc);
- Arts issues (painting, portrait, photographs etc);
- General queries including protection of copyright, copyright registration process)

Graph 1: Pie chart showing the areas or industries in which client queries relate to in PNG



Graph 2: Pie chart showing the reason behind why clients enquire about copyright and neighboring rights



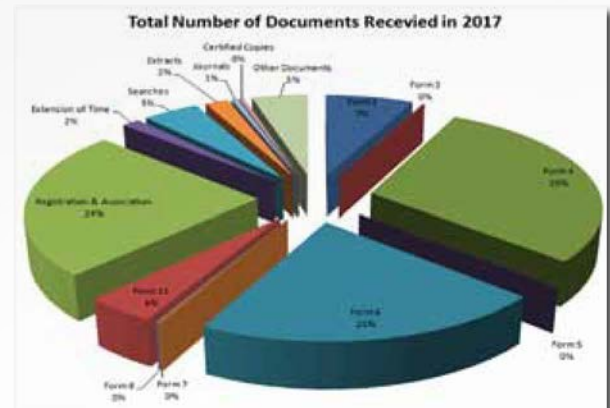
TRADE MARK

In 2017, a total of 933 new trade mark applications (Form 4) were received, of which 186 came from Australia, 147 came from United States of America and Papua New Guinea while the rest came from 31 other countries around the world.

Most of the new applications were for products of retail which included cleaning agents, hot & cold beverage items, confectionery, food products, transport, technological devices, marketing services and business services in the area of management and general administration.

In 2017 alone, a total of 779 applications were

filed for registration and association by clients. And the running total of trade mark applications registered in PNG is well over 25,000 plus registered trademarks since 1975.



PATENT

In 2017, a total of 54 applications were filed for patent registration in Papua New Guinea. Of the 54 applications, 1 was filed nationally while 53 were filed through the international filing system under the Patent Cooperation Treaty (PCT) of which PNG is a member to since 2004.

The Patent Registry currently holds records of 693 applications since 2002. Of the 693 applications 185 applications are filed for the Petroleum sector and 95 are for the mining sector. The rest of the applications are for building and construction, pharmacy and medical products, transport, food processing and agriculture, marine products, process & systems and other general areas of interest. Most of the patent applications received originate from United States of America, Australian and Japan.

Graph 4: Spider-Graph showing the major fields of technology that applicants seek for patent protection in Papua New Guinea

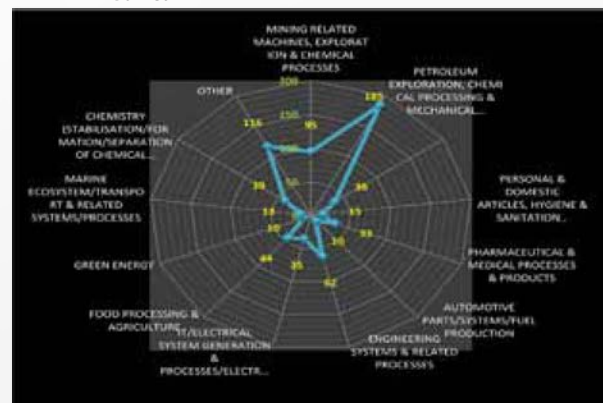
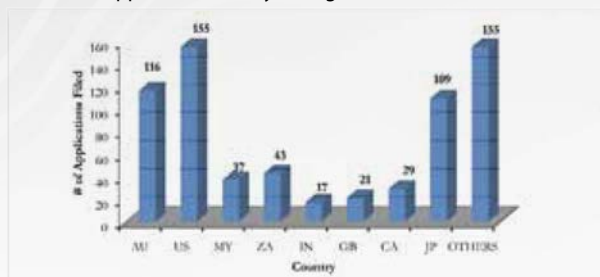


Chart 1: Chart showing the total number of applications filed by applicant's country of origin or residence



INDUSTRIAL DESIGN

In 2017, a total of 47 industrial design applications were recorded within the industrial design registry. Of that 47, 4 were withdrawn and only 43 are currently registered and active in Papua New Guinea.

The country in which has the highest number of applications is Australia with 10 while 9 applications were received from Japan and Papua New Guinea respectively. The areas of designs that were filed with the office were mainly within the scope of electrical equipments and bottles. Sony Computer Entertainment Incorporated currently takes the lead with having 6 applications filed in relation to the play station gaming products while others were received from companies who sell their products in bottles such as Shell International, Frazer & Neave Limited and V & S Vin & Spirit Aktiebolag.

Graph 5: Pie chart showing industrial design applications filed by applicant's country of origin

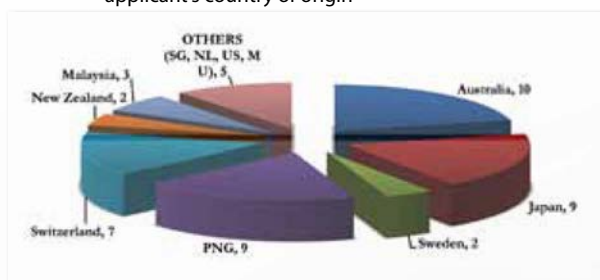
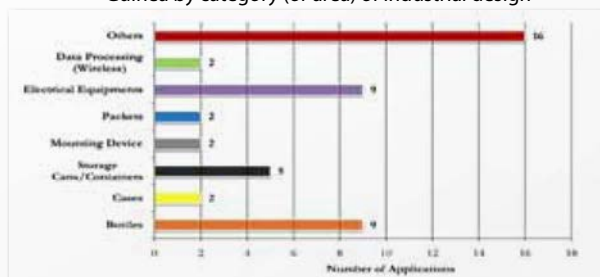


Chart 2: Showing the number of applications filed in Papua New Guinea by category (or area) of industrial design



C. BUSINESS REGISTRATION AND CERTIFICATION DIVISION (BRCD)

The Business Registration and Certification Division comprises of certain units mandated by their Act and they are;

1. Registrar of Companies Office (ROC).
2. Accounting Standards Board (ASB);
3. Personal Property Securities Registry (PPSR);
4. Foreign Business Certification Unit (BCU); and
5. Legal & Compliance Unit (LCU).

Performing distinctive roles as to uphold companies office.

Each of the offices/units administers the legislations as shown in the table below:

Table #1:

The office of the registrar of companies

RESPONSIBLE OFFICE/ UNIT	LAWS ADMINISTERED
ROC, LCU, ASB	Companies Act (as Amended 2014)
ROC, LCU	Business Names Act 2014
ROC, LCU	Business Groups Incorporations Act
ROC, LCU	Associations Incorporation Act
PPSR	Personal Property Securities Act
BCU,LCU	Investment Promotion Act

The Office of the Registrar of Companies is established by Section 394(1) of the Companies Act 1997, as amended by the Companies (Amendment) Act 2015. The primary role of the Registrar of Companies and his office is to register business entities and associations and keep their records and secondly is to ensure that such registered entities comply with the requirements of the law. The Registrar of Companies administers the Companies Act 1997 as amended, Business Names Act 2015, Business Groups Incorporations Act and Association Incorporations Act.

Online Registry System

Online registration continued to be the focal area for Ease of Doing Business. Through many promotion and awareness, clientele started to use online registration which is easier with minimal turnaround and cost effective. In 2017 issues

caused by blackouts and disturbances continued to affected the work plan.

To ensure smooth and uninterrupted services in future, the Authority planned to migrate the Registry database server to Amazon Webhosting on Cloud in early 2018. Technical assistance will be provided by the Pacific Private Sector Development Initiative (PSDI), a technical assistance program undertaken by the Asian Development Bank (ADB) in partnership with the governments of Australia and New Zealand.

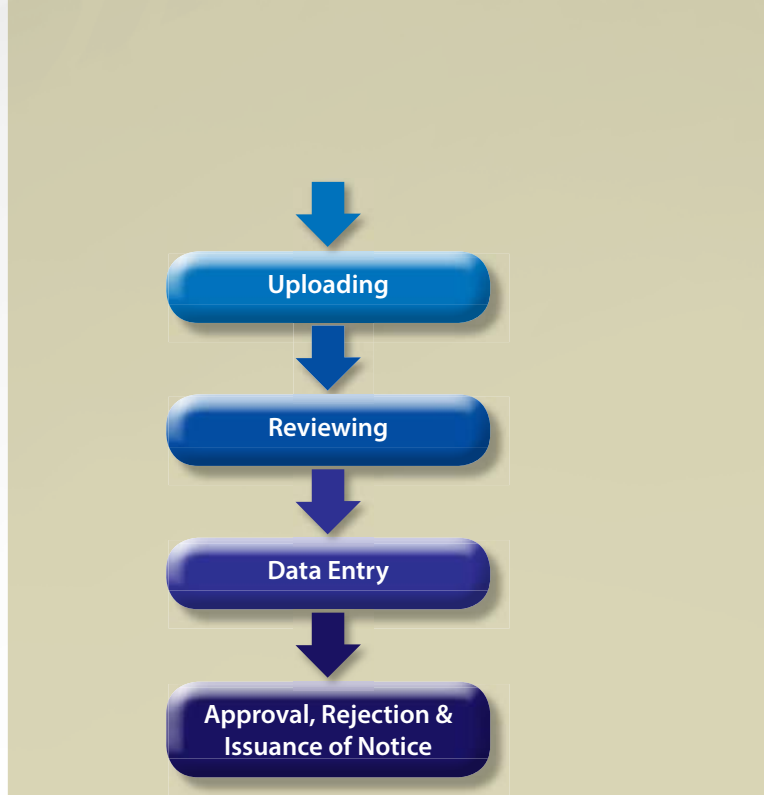
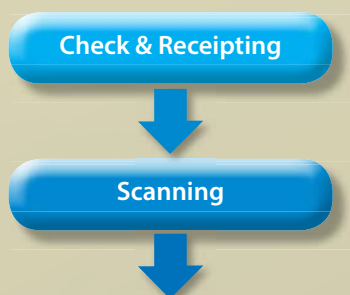
Ease of Doing Business

In 2017 a total of 49,511 documents were lodged out of these 27% were filed online. Overall records show that only 15-16% of filing has been made directly via online, indicating that the vast majority of the IPA clients are yet to reap the many benefits of the ORS offers. These benefits were emphasized in the 2017 awareness/ education exercises held around the country this year and through various ORS training upon request.

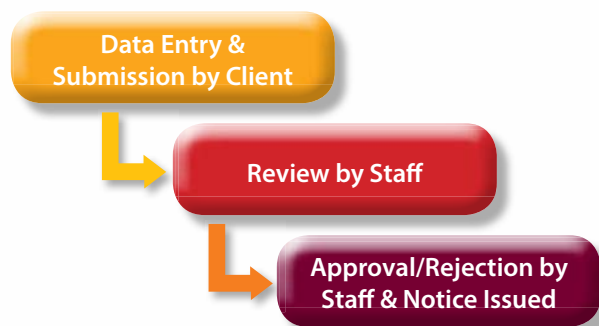
Through the ORS, business entities have an option to file paper forms (offline filing) as walk in clients over the front counter or file directly online at www.ipa.gov.pg at their convenience.

Figure # 1 below - The process for offline filing or filing over the counter is lengthy. Every process requires human interaction and can pose risk for further delays. Filings can be misplaced and processes are also open to typo errors. To compare with process for online filing at Figure #2 below, online has only three steps. Some filings update records immediately as they do not require review by IPA internal registry staff. Refer Figure #3.

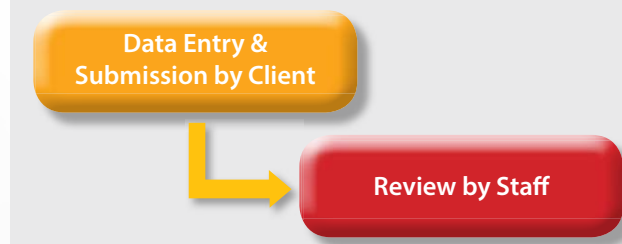
Figure #1 Work Process for Offline Filing – 6 Steps



Figure# 2: Work Process for Online Filing – 3 steps



Figure# 3 Work Process for Online Filing (update records instantly) – 1 step



De-Registration/ Compliance Awareness

The switch on of the Automated Compliance (ACP) and the De-registration Exercise will be in place as every system is properly set. Prior to that, vigorous compliance awareness was conducted to remind companies to file their outstanding annual returns through:

- Mass media (radio, social media, newspaper and EMTV etc);
- Stakeholder workshops;

- Training/ Education to numerous interested private sector organizations;
- Workshops centered round the country; and,
- The IPA general awareness workshops About 50,542 companies were in default at the beginning of the compliance exercise and reduced to about 38,000 by the end of 2017. Over 75% of these companies are still in default and are in danger of being de-registered.

Automatic Compliance is in placed and planned to be switched on in 2018 with updated online registry. – as previously reported, when switched on, will monitor compliance immediately and commence the de-registration proceedings on the defaulting companies.

New Business Entities

A total of 13,905 business entities were registered indicating a growth of 3064 compared to 2016. The table below shows the type of entities registered in each quarter.

Table # 2: Shows the number of new entities registered in 2017

Type of Entity	Total Registered entities	Registered 1st Qtr 2017	Registered 2nd Qtr 2017	Registered 3rd Qtr 2017	Registered 4th Qtr 2017
Local Companies	53744	637	736	745	788
Overseas Companies	1173	13	9	8	5
Business Names	122163	1974	2820	2605	3025
Associations	7380	56	150	96	58
Business Groups	4784	37	53	39	51
	189244	2717	3768	3493	3927

Performance on Work Queues

Over 2000 active companies' filings were annual returns and majority of them pending due to system errors. Greater emphasis will be made on Online filing to excel in performance.

Table # 3: Performance on the ORS since 2013 to the 3rd Quarter of 2017

Type Of Entity	Total Filing	Online Filing	Active/Pending
Companies	109,249	17%	2974
Business Names	91,958	14%	425
Associations	8,861	12%	75
Business Groups	2,408	8%	27
Total	216,697	15%	3514

Table # 4: Comparison of work queues since 2014

Type Of Entity	2014	2015	2016	2017
PNG Local Companies	992	1679	2974	2974
Overseas Companies	129	69	425	425
Business Names	43	108	75	75
Associations	42	52	27	27
Business Groups	9	8	13	13
Total lodgment	1215	1916	3514	3514

Filing and Records

The Authority houses an off-site warehouse for the entire business entity registered physical records. Hence, reliable record keeping obligation requires not only the enhancement involving ICT aspects but also the conventional physical file management. Upgrading of the warehouse was one of the major activities of the division this year that kept 200 000 paper files.

These files will soon either be destroyed or sent to the National Archived as permitted by law.

Figure# 4: Before and After Warehouse Upgrade



1.0 ACCOUNTING STANDARDS BOARD

The core purpose of the Accounting Standard Board (ASB) is setting financial report standards, providing guidance in relation to the application of those standards and in overall providing the legal framework within the PNG jurisdiction in respect of accounting standards setting and their applications.

The first ASB Meeting was held early this year after been dormant for over nine (9) years. By reso-

lution, the Board sits twice a year to carry out its statutory functions as provided by the Companies Act.

The standard setter is comprised of seven (7) board members inclusive of the two (2) ex-officio members.

Table # 5: ASB Reporting Structure

Registrar of Companies	Ex Officio
Auditor General	Ex Officio
Dr KenNgangan	Accountants Registration Board Rep – Public Sector
Mr. Stephen Beach	CPAPNG Profession Nominee
Mr. Daniel Biti	CPAPNG Profession Nominee
Mr. Benjamin Lee	Independent Member
Mr. Lawrence Ouma	Independent Member

This report pertains more to the ASB Secretariat Office whose functions come directly under the supervision of the Chairperson, the Registrar of Companies.

Past Dormant Status of ASB

The holding of standards’ setting board meetings have not been held since its last meeting in November 2007. It is indicated that this was due to:

- i. Non-issuance of new IFRSs back then
- ii. No steady/permanent Registrar of Companies, (Chairman) back then;
- iii. Not having a quorum, and
- iv. Further prolonged by, delayed board membership appointment process held up in the ministerial level.

Impact of the Independent Assessment & ROSC Report

The Observance of Standards and Codes Accounting and Auditing ROCS A&A was issued by the World Bank upon request by the Department of Finance in February 2015 after their engagement which allowed for independent review of financial reporting mechanisms in PNG. This independent review had some positive impact on the dormant status of the standards setters as the report basically identified and pointed the weakness thereby providing corresponding recommendations for way forward. One of the recommendations of the report was to prioritize the reconstitution of the ASB given that the inactivity by the standards setters was having negative impact on the accounting profession in PNG and

needed tightening. In brief, the ROSC A&A report identified the following weaknesses:

- There was no clear structure of the ASB – the recommendation was to develop legal/policy framework to clearly establish the ASB structure and functions
- ASB was practically dormant – and recommended immediate reconstitution so to pave a way for recommencement of its functions and therefore provide necessary backings to the accounting profession in PNG
- ASB Office did not have technical capacity – recommended to have a technical support team to provide necessary technical advice to the Chair and Board as necessary
- Lack of technical capacity for ongoing technical financial statements reviews – ROSC A&A report recommended for ASB Office to consider having the technical team in place to commence enforcing technical reporting requirements as requirement of the law.

These recommendations were accepted by members including the office of the Chair. A huge breakthrough after about ten (10) years of inactivity by the standards setter.

ASB Profile with International Accounting Standards Board (IASB)

ASB was privileged to have a follow up visit by a staff member of the International Accounting Standards Board in UK. Through this visit the ASBPNG profile was created for the first time in the database of the IASB in about the end of the year. This will allow ASBPNG events and updates to be posted on the IASB website.

Appointment of ASB Members

As indicated earlier one of the major causes for not holding the ASB meetings was the lack of quorum due to existence of vacancies and later the expiration of membership terms. A part from the other five (5) members whose nomination process is clear, the other two independent members’ nomination process is fairly ambiguous and hence uncertainties. Despite this possible cause of delays, the ASB Office successfully completed its membership appointment process in April 2017 after struggling since 2014.

Approved Accounting Standards

During the early years, the ASBPNG resolved that it would adopt the International Accounting Standards (IASs) and the International Financial Reporting Standards (IFRSs) issued at that time to be the applicable accounting standards in PNG. Any subsequent issues were to be specifically adopted during the standards setting meetings, one of which was held and new standards adopted. Accordingly, apart from the renamed IASs new standards were formally adopted as the accounting standards in PNG that effectively forms part of the accounting principles in PNG.

Table # 6: New Standards

Standard Prefix	Standard Title	Effective Dates
IFRS 9	Financial instruments effective	1 Jan 2018
IFRS 10	Consolidated financial statements effective	1 Jan 2013
IFRS 11	Joint arrangements effective	1 Jan 2013
IFRS 12	Disclosure of interests in other entities effective	1 Jan 2013
IFRS 13	Fair value measurement effective	1 Jan 2013
IFRS 14	Regulatory deferral accounts effective	1 Jan 2016
IFRS 15	Revenue from contracts with customers effective	1 Jan 2018
IFRS 16	Leases effective	1 Jan 2019
IFRS 17	Insurance contracts effective	1 Jan 2021
IFRS for SME	International Financial Reporting Standard for Small and Medium-sized Entities	1 Jan 2018

Office Operations in 2017

ASB Office is pleased to announce that the long dormant standards setter has been an ongoing matter, the ASB office merely serves the following general functions:

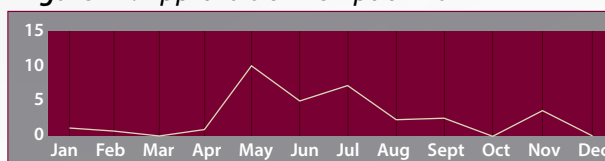
1. A contact point for ASB and thus subsequently facilitates basic queries relating to the ASB matters
2. Facilitating approvals under the two (2) ASB directives given so far:
 - Change of Reporting Currency - Accounting Standards Board Directive 2 (ASBD2)
 - Granting Exemptions on Financial Reporting by Overseas Companies
 - All related secretarial functions

The foregoing contains a fairly similar operational update in comparison to the previous reports as it pertains mainly to the ongoing activities including the following:

1. Granting of exemption under the ASB directives

2. Granting of approvals under the ASD2
3. Collaborative compliance and monitoring work
4. ASB achievements per Work Program

Figure# 4: Approvals of Exemption 2017



Exemptions

Exemption on reporting requirements of the overseas companies is one of the directives issued by the ASB which the Office continues to facilitate. Again, this is an ongoing activity and the following are the number of approved figures the last twelve (12) months of 2017:

Approvals on Reporting Currency Changes

Again, ASB office has been on the standby to ensure that the companies seeking to change reporting currency based on circumstances necessitating such changes had their approvals granted on timely manner. For the purpose comparison, below are the 2017 figures stated.

Table# 7: Approvals Reporting Currency 2017

2017 REPORTING CURRENCY											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2	0	10	0	0	0	0	0	0	0	0	13

Compliance and monitoring work

Financial reporting compliance monitoring work is an area of interest to the ASB Office in the sense that once the accounting standards are made mandatory through formal adoption these standards must be fully applied within PNG jurisdiction. Under this particular area, the office tries to have some monitoring of compliance including proper presentation and disclosures of financial statements in accordance with the requirements of the GAAP in PNG to some extents.

ASB Office

The ASB office also support the companies office through;

- **Interface** – The ASB office continues to provide the needed interface to other related bodies, academics, practitioners

- and the business community at large.
- **Mentorship/Leadership** – ASB office still provides the much needed guidance within the Companies Office over the young inexperienced and unskilled officers.
- **System upgrade** – ASB Office manpower still gets to be utilized at the Companies Office in the area of ORS tests and reporting in the new builds/fixes in the test environments.
- **Audit Trail Reviews/Assessments** – Situations at the BRCD operations level occasionally necessitate or require for investigative/reviews on processes. ASB office manpower and expertise are utilized in these areas from time to time.

Conclusion

ASB office acknowledges 2017 to be a year in which major breakthroughs have been achieved. We hope for firm leadership to be provided in the coming year so that consistency is ensured for continued achievements in the years ahead.

PERSONAL PROPERTY SECURITIES REGISTRY

This registry is now purely online with no intervention required by IPA staff. The purpose of the PPSA is to promote commerce where it makes it easier to pledge movable assets as securities or collateral for securing commercial loans.

Users of the registry must be registered to be able to access the services or submit filings. Internal Registry officers approve and create new clients account, maintain accounts, provide account statement, creating pre-funded account, produce reports and attend to queries on PPSR. This product is new, awareness were carried out in few areas in Gulf, Central and East Sepik. The lending agents are also yet to know and use this product.

4.0 CERTIFICATION UNIT

The following are totals generated from the system for 2017:

ITEM	Figure
Total number of users	69
Total filing record	5046
Total Search Request	16
Total Filing recorded since commencement of PPSR	21960

The Business Certification Unit is responsible for facilitating investments in Papua New Guinea in line with Section 28 of the Investment Promotion Act, 1992. This provision requires all foreign owned enterprises intending to carry on business in Papua New Guinea to be certified under the Investment Promotion Act, 1992 before they proceed to carry on businesses in the country.

The Unit performs a core function of administering the Certification process which involves appraising of applications by foreign enterprises to ensure that genuine investments are certified.

In the last quarter of 2014, the Certification Unit ceased to accept paper lodgments at the front counter and encouraged clients to utilize the online registry system to lodge applications for foreign enterprises. Since 2015 the online registry for the unit has fully implemented the online applications for Foreign Enterprise Certification applications.

In the year 2016 saw the highest number of foreign companies certified while comparing with last four (4) years (see table 2 below). An increase of about 22 percent compared to approvals in the last five years. It is assumed to be related to the boom in the construction sector and activities linked to preparations for the hosting of the APEC in Port Moresby, PNG in 2018.

Table 8: Certification Applications and Related Variables for 2017

Type of Application/Variable	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Number of Meetings	0	0	1	1	2
Circulars	5	5	2	4	16
Certification Applications	92	116	76	123	407
Re-Certification Applications	17	23	12	21	73
Variation Applications	76	89	39	74	278
Diversification	25	52	25	35	137
Expansion	26	36	18	21	101
Others	29	23	0	0	52
Cancellations	10	11	1	2	24
Re-Instatement Applications	0	0	0	1	1
Appeals	0	0	1	8	9
Exemption	0	0	2	0	2
Certificate Amendment	0	0	0	1	1

5.0 LEGAL & COMPLIANCE UNIT

The Legal Unit provides the legal services to the Registrar of Companies and all of Investment Promotion Authority. This report is an update on the functions of the Unit that covers the following key areas.

- i. Status of Litigation matters;
- ii. Status of Investigation matters;
- iii. Status of matters relating to disputes within entities.
- iv. Status of Conveying Matters (Asset Management)

Status of Litigation matters

At the last quarter of 2017, there were 45 litigation matters. However, some were resolved by the primary parties and hence, IPA was not actively involved. IPA is sued as nominal defendant in most cases so the Unit is now cutting down on litigation matters. Most of the matters are simply left in abeyance awaiting formal Court Orders for IPA to participate in.

Status of Investigation Matters

Total matters under investigation as at the date of this report have exceeded seventy (70) owing primarily to the NCD Survey & Spot Inspection exercise. The Unit is now focused on investigations to ensure more compliance by companies. Investigations are for:-

- i. Breaches of the Investment Promotion Act 1992.
- ii. Breaches of the Companies Act 1997 (as amended).

It will be noted that there will be no or less investigations for the breached of the other Acts administered by IPA.

Disputes within Companies

The disputes within companies, especially landowner owner companies is a matter that concerns our office because of randomly change of records kept by the Registrar. For the sake of security of the records we keep and also to help investment in the country we have been actively involved to resolve some of these disputes. This

is an everyday occurrence and we deal with clients on a one off basis unless, the matter ends up in Court in which case, it becomes a litigation matter.

Currently, the Unit is dealing with over 30 cases involving disputed records.

Asset Management

There has been some work done in the dealings of properties owned by defunct companies. There are hundreds of properties owned by defunct companies throughout the country and only few are brought to our attention out of necessity by the interested parties. LCU has been dealing with eight (8) properties on an ad hoc basis.

D. SECURITIES COMMISSION

I. OVERVIEW OF SCPNG AND ITS MAIN ACHIEVEMENTS

1.1 Background

The Securities Commission of Papua New Guinea was established in 1998 by the Securities Act 1997 and housed under Investment Promotion Authority Administration. Its role was regulate and supervise capital market. In 2008, the Department of Personal Management approved a mini-structure to establish the Commission as a division of its own within the Investment Promotion Authority. Late in 2011 government called for the re-established of SCPNG as an independent standalone entity with additional powers to investigate and examine, confiscate and prosecute. The government in 2017 started to allocate funds through its own budgetary allocation.

The main functions of SCPNG are to protect investors in securities, regulate and facilitate the development of the capital market to ensure fairness, efficiency, and transparency, and to protect the capital market from the risks it could encounter. To meet these objectives, SCPNG focuses on: (i) Preparing laws and regulations related to securities; (ii) Approving instructions and bylaws related to capital market institutions; (iii) Granting licenses to undertake financial services activities and certified financial professional activities; (iv) Approving the registration of securities

and mutual funds; (v) Adopting the accounting, auditing and performance evaluation standards to be followed by parties subject to the SCPNG's monitoring.

SCPNG is transitioning from a Division of IPA into an independent governmental regulator and supervisor of the capital markets and the securities industry. It is positioning itself as an effective facilitator in creating an efficient and transparent capital market and protecting the investing public by making and enforcing the necessary regulations for the capital market to perform efficiently; supervises and monitors the market to operate fairly; and investigate and discipline market violators. SCPNG aims to be a facilitator that is Responsible, Reliable, Responsive, Relevant, and Result-driven.

As part of its transition, SCPNG realized a number of key milestones in 2017. Key among them are the following highlights:

- **Appointment of the new Executive Chairman in August 2017.** The Executive Chairman was appointed by the NEC to play the leading role with the Securities Commission.
- **Creating the new Securities Commission of PNG.** SCPNG is finalizing the organizational and remuneration structure and job descriptions of the new SCPNG. A draft is being reviewed before submission to the SMC and DPM for approval by Q2 2018.
- **Branding of the Securities Commission of PNG initiated in October 2017.** As the Securities Commission is not widely known, work on its branding as part of its identity creation, publicity and exposure was initiated. Among them, SCPNG initiated a National Logo Design Competition to reach out to citizens, expose SCPNG, and give Papua New Guineans the opportunity to contribute to how they see investment and investing in the capital market now and in the future.
- **Certification and Gazettal of the 3 capital market related Acts.** SCPNG pursued the certification process and successfully obtained certification of the Capital Markets Act 2015 in December 2017, The Securities Com-

mission Act 2015 and the Central Depositories Act 2015 in December 2017.

- **Initiated work on the preparation of the Regulations of these 3 Acts in November 2017.** In anticipation of the gazettal of these 3 Acts, SCPNG initiated the preparation of their regulations in November 2017 and expect to have them gazetted before or by June 2018.
- **Building report with market participants and key stakeholders.** In our effort to position SCPNG as an effective facilitator of the capital market, SCPNG has initiated a program to systematically consult on emerging issues with selected market participants including with CEOs of the listed firms to build an effective networking and collaborative mechanism. The media also ran a number of articles on the Executive Chairman and his views on development of the capital market.
- **Positioning SCPNG as the champion in the strategic development of the capital market through a result-driven building bloc approach.** SCPNG initiated the preparation of the PNG Capital Markets Strategic Master plan 2018-2028 to guide its development. This is part of SCPNG's result-based work plan which focuses on the strategic development of the capital market and outlines 8 main results to achieve: (i) SCPNG created, established and operational systems developed; (ii) Legal framework, regulations, bylaws and guidelines developed and operational; (iii) SCPNG fully capacitated and well resourced; (iv) SCPNG well managed and efficiently functional; (v) SCPNG roles, functions, products and activities publicized, marketed and effectively delivered to stakeholders; (vi) Relevant obligations/affiliations adhered to and effective networking maintained; (vii) Capital market strategically developed, and efficiently and transparently functional; (viii) New capital markets products researched and developed. To achieve these, SCPNG requires additional funding of about K15 million and a staff strength of about 20 senior level professionals.
- **Investigations on market violators and report and recommendations made.** SCPNG completed 3 investigations in 2017 and has prepared reports on issues presumed to be in

violation of market rules. The reports will be used for dialogue and for recommending corrective measures to concerned parties.

- **Monthly Market Surveillance Monitoring and Reporting.** SCPNG conducts daily monitoring of stock trading, collect data and provide monthly reports to management. SCPNG is working on enhancing the quality of these reports and is developing a network of subscribers for disseminating these reports to a wider audience and eventually to the general public.
- **Fostering cooperation and exchange of information and experience within the Asia-Pacific region and with international organizations.** In its effort to capacitate the new entity, SCPNG initiated a staff-exchange program with its counterparts in selected Asian countries. SCPNG expects to formalize the program once funding from development partners has been secured.

II. PERFORMANCE UPDATE OF THE CAPITAL MARKET

The capital market is one part of the larger financial market where longer-term financial securities like equity/shares and debts/bonds, are traded by issuers and buyers. Securities are any form of non-physical financial asset that holds monetary value (derived from a contractual claim) and can be easily traded on primary or secondary markets of financial markets. Main participants in the PNG capital market include BPNG, SCPNG, POMSIX, Brokers, Trustee companies, and listed firms.

In the PNG capital market only shares are issued by large companies to raise capital. These companies issue the securities initially as an IPO at the primary market usually through the commercial banks like BSP which act as an intermediary and underwrite the offering. After which, they register with the PNG registries then list on the POMSIX. Buyers of those shares at the IPO can later trade these shares to others who want to buy those shares in the secondary market usually on POMSIX. After an IPO (primary market), securities are transferred as assets from one investor to another in the secondary market. Currently we have 16 equity/share securities; 3 trust securities;

and the national government's treasury bonds. PNG's debts/bond market and secondary market is underdeveloped.

Overall performance of the capital market in 2017 has been dismal at best. The slower than expected recovery in the global commodity prices and the overall global economy resulting in weaker inflow of foreign exchange, together with the government's expansionary fiscal stance has caused low liquidity in the economy. This has hampered the private sector performance, and slowed domestic demand and investment growth. This has directly affected the dismal performance of the market resulting in the low number, volume, and turnover of trades since 2014.

The stock exchange currently has 16 stocks listed, with one under suspension for violation of POMSIX listing rules. Since 1999 when the first 8 firms were listed on the POMSIX, the number grew gradually to peak at 22 in 2011. After which it began to decline and currently has 15 active ones.

Market capitalization or market value is currently at K69.81 billion (US\$23.27). The upward trend which began in 2016 after declining during 2011-2014 saw a 0.50% growth over the last half of 2017 which raised the 2017 market cap to **K73.13 billion.**

The number of share trades on the POMSIX has been declining since 2011. This downward trend continued into 2017 and dropped by over 18% from 2016. There is indication of some recovery with some slight growth during Q1 of 2017. Table 1 below shows the spurts during Q2 and Q3 of 2017 as compared to Q3 of 2016.

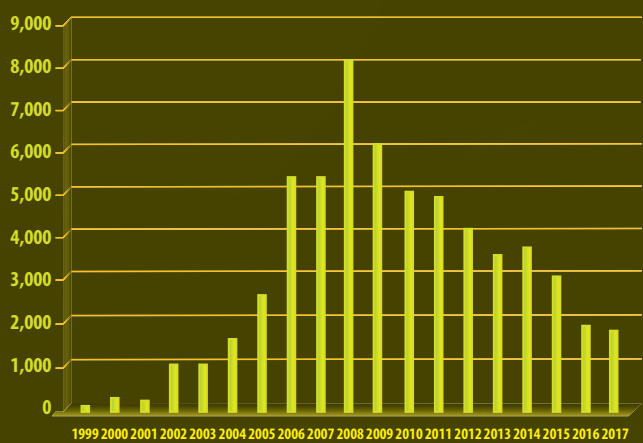
Table 1: Number of Quarterly Trade Executed, 1999-2017

YEAR	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
1999	0	4	67	99	170
2000	103	101	125	113	442
2001	68	61	57	175	361
2002	254	159	309	325	1,047
2003	364	160	247	288	1,059
2004	446	279	412	504	1,641
2005	600	573	665	875	2,713
2006	1,615	1,229	1,400	1,199	5,443
2007	1,246	1,031	1,430	1,759	5,466
2008	1,662	1,709	2,919	1,950	8,240
2009	1,656	1,494	1,485	1,547	6,182
2010	1,304	1,122	1,163	1,418	5,007
2011	1,493	1,154	1,266	1,041	4,954
2012	1,224	991	1,027	1,008	4,250
2013	1,063	828	796	771	3,458
2014	831	866	935	1,012	3,644
2015	876	623	733	680	2,912
2016	473	383	431	499	1,786
2017	370	517	414	371	1,672
TOTAL	15,648	13,284	15,881	15,634	60,447

Source: SCPNG Tabulation, based on POMSOX data

The main participants have been BSP, CCP, OSH and NCM. Others have made few trades or none during the last 6 months. Fig 1 shows the number of trade made during 1999-2017. It shows a declining trend after it peaked in 2008.

Fig 1: the column below depicts Number of Trades, 1999-2017



Source: SCPNG Tabulation, based on POMSOX data

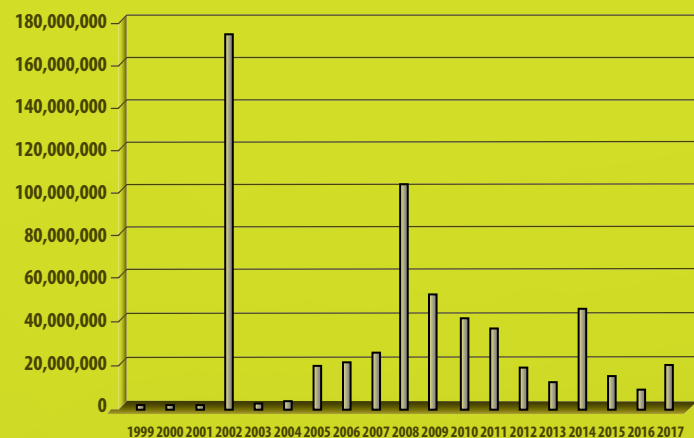
In terms of volume of the trades, the trend shows a correlation of rise in trades and fall in volume. Table 2 below shows the volume or the number of stocks that were transacted on the market during Q4 of 2017.

Table 2: Volume of Quarterly Trade Executed, 1999-2017

YEAR	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
1999	0.00	1,080	85,360	1,040,840	1,127,280
2000	151,005	324,893	309,673	482,650	1,268,221
2001	151,005	76,598	83,511	421,964	733,078
2002	303,357	172,783,708	244,451	697,866	174,029,382
2003	814,240	462,513	317,225	1,460,326	3,054,304
2004	1,741,578	1,087,826	3,265,888	886,256	6,981,548
2005	811,175	894,439	13,210,622	4,106,472	19,022,708
2006	2,354,964	1,966,135	17,790,524	1,975,826	24,087,449
2007	5,808,972	3,226,089	6,261,985	13,583,811	28,880,857
2008	3,636,604	27,737,806	55,035,939	16,460,133	102,870,482
2009	7,153,206	9,096,704	6,018,447	34,969,447	57,237,804
2010	7,132,717	8,181,552	7,476,361	17,341,137	40,131,767
2011	6,141,476	20,422,012	2,136,492	7,493,026	36,193,006
2012	5,997,429	5,226,502	2,868,635	5,688,957	19,781,523
2013	2,543,054	3,612,236	5,381,210	2,599,558	14,136,058
2014	15,926,152	9,081,671	14,567,462	7,455,720	47,031,005
2015	4,898,734	2,087,252	25,228,274	4,539,399	36,753,659
2016	4,401,373	2,351,222	1,659,992	2,647,788	11,060,375
2017	1,293,973	5,575,332	10,746,481	937,073	18,552,859
TOTAL	71,261,014	274,195,570	172,688,532	124,788,249	642,933,365

The stock volume show a declining trend compared to relevant quarters in past years. In Q1 of 2017, a drastic fall by 78.2% from Q1 of 2016 is recorded. In Q4 of 2017, a 137.12% decline was made compared to Q4 of 2016. These swings and significant declines are a result of major withdrawals.

Fig 4. Numbers of volumes from 1999 to December 2017



Source: SCPNG Tabulation, based on POMSOX data

Turnover shows a correlation with the volume then the number of trades. The turnover in 2016 declined significantly by 82% from 2015. As the downward trend continued, it further dropped to 23.6% in Q1 of 2017 from first Q1 of 2016. However, Q2 and Q3 of 2017 saw a rebound of 38% compared to Q2 of 2016. This is due to the huge trade volume associated with BSPHA in May 2017.

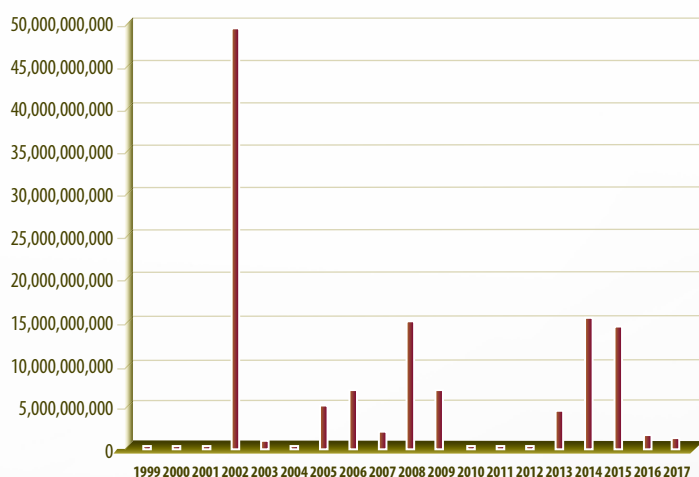
Table 3: Number of Quarterly Turnovers, 1999-2017

YEAR	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
1999	0.00	4,672	308,873	92,273,057	92,586,602
2000	60,399,054	41,141,413	60,253,122	152,428,290	314,221,879
2001	39,892,996	21,590,233	29,197,616	97,309,199	187,990,044
2002	99,571,859	48,742,943,318	75,135,461	138,777,305	49,056,427,943
2003	200,086,308	165,574,480	78,122,340	333,907,876	777,691,004
2004	287,823,341	2,112,929	5,149,439	2,085,130	297,170,839
2005	2,331,972	2,573,994	3,217,662,709	1,530,343,827	4,752,912,502
2006	597,175,602	422,885,151	5,912,641,001	506,279,413	7,438,981,167
2007	1,761,778,784	628,907,946	21,033,026	67,280,806	2,479,000,562
2008	18,782,080	4,571,552,085	8,408,027,972	2,238,641,063	15,237,003,200
2009	847,442,279	1,010,754,454	793,338,925	4,856,112,065	7,507,647,723
2010	19,745,459	8,183,802	6,759,873	21,445,517	56,134,651
2011	59,031,254	49,086,912	6,253,587	45,812,363	160,184,116
2012	69,165,369	23,720,366	12,425,218	24,245,010	129,555,963
2013	1,121,740,784	1,397,985,503	1,567,301,543	668,696,930	4,755,724,760
2014	3,745,782,212	1,419,334,979	5,894,508,060	4,376,726,029	15,436,351,280
2015	756,015,827	757,987,193	6,438,732,608	6,389,204,636	14,341,940,264
2016	667,832,297	368,977,348	594,230,452	997,063,982	2,628,104,079
2017	509,902,194	1,798,953,744	36,173,622	7,650,344.15	2,352,679,904
TOTAL	10,864,499,671	61,434,270,522	33,157,255,447	22,546,282,842	128,002,308,482

Source: SCPNG Tabulation, based on POMSOX data

By comparisons, the turnover during the last half of 2017 fell significantly, thus reflecting the sluggish performance of the economy. This follows trend since 2014, in which the downward momentum is hampering the total value of trades on market.

Fig 5. Numbers of volumes from 1999 to December 2017



Source: SCPNG Tabulation, based on POMSOX data

In sum, the fall in the trades, total volume and turnover is due to low trading on the market compared to the past three years. This is related to the sluggish performance of the PNG economy, and low global commodity prices resulting in low public liquidity, negative foreign exchange and lower external trade.

E. CORPORATE SERVICE DIVISION (CSD)

Overview

The Corporate Services Division (CSD) is a key division of the Investment Promotion Authority that is responsible for financial management, human resource and administration and information technology services. It also manages a staff welfare scheme that involves a range of lending services for staff personal financial needs.

Divisional Corporate Objective

Its primary objective is to provide the resources required by the business divisions of the IPA mandated to provide investment promotion and investment aftercare services as well as business regulatory services. As part of this support, CSD delivers an annual training program for the IPA, recruitment, budget and accounting services, IT support and administration support services to the Authority.

The Information Technology Unit supports and maintains the Authority's Online Registration System (ORS) Database, Intellectual Property Automation System databases (IPAS), hardware and software requirements, data and voice network, internal security system and two websites namely www.ipa.gov.pg and www.ipopng.gov.pg. It is also responsible for the backup of all IPA systems with an offsite Disaster Recovery facility.

Key Divisional Leadership;

Director:

Anna Marikawa

Manager Information Technology:

Shyama Matatier

Manager Finance:

Nellie Ure

Manager HRA:

Vacant

As a support division, Corporate Services undertook principle carriage of the following programs which benefited both the staff and the organization as a whole.

1. Policy Work

Key organizational policies that were concluded in 2016 were operationalized and implemented in 2017. They include;

- Staff Transport Policy – implemented

- and working effectively.
- Staff Land And Sea Transport Policy – implementation deferred to 2018 as it required IPA Board approval.
- Staff Home Ownership Scheme Policy – kicked off implementation successfully with seven applications approved for suspensory loan assistance in its first year of implementation.
- Information Technology Policy – implemented and working effectively.

2. Online Registration System (ORS)

The procurement of the ORS in 2013 has completely changed the way business registration services were delivered in the past. The turnaround time on registration and issuance of certificates is much quicker and convenient for the business community both domestic and international businesses. Three years into implementing the ORS the IPA as well as the business community embraced the technology and foresee that the IPA can build on this technology and further improve its services in the business registration and compliance space.

This year we faced many challenges with the server affected by the backouts. The ORS was down for an average of 10 days in each month in May, August and September due to data block corruption and hardware failures caused by recurring and prolong black outs at IPA House. The ORS database server was fully rebuilt using Virtual Disk as opposed to original database design configuration of Raw Device Mapping (RDM) to avoid further data block corruption. Discussions commenced with the Asian Development Bank under its PSDI Program to provide assistance to relocate the ORS from being hosted within IPA to be hosted in the cloud to avoid the building power issues and ensure less down time.

3. Intellectual Property Automation System (IPAS) upgrade.

In September, a new server was installed in VMware environment to relocate current IPOPNG/IPAS server and to install WIPO Publish Intellectual Property (IP) search database for the IPOPNG's IPAS system. Now IPAS internal data are available on <https://online.ipopng.gov.pg/ipsearch> for external users to conduct IPOPNG related IP searches.

4. Document Management System

In-house built application software was introduced to all divisions in IPA in October. Movement of files and document scan now be tracked by creation date, keywords and assignees and actions required.

Payroll

The IPA continues to depend on a reliable and motivated staff across six business divisions ranging from investment promotion and facilitation services to the driving and ancillary support.

Staff and payroll statistics for 2017 are shown in the table below;

Staff and payroll statistics - 2017	
Approved Staff Ceiling	148
Staff on Strength	125
Permanent Staff	109
Unattached Staff	1
Casual staff	15
Total on Payroll	125
Vacancy	23
Staff movements	
New On-boarding	7
Resignation	2
Retirement	0
Termination	1
Death in service	0

5. Audit

The Investment Promotion Authority is one of the few government organizations that have the audit of its financial record up to date. Audit qualifications raised in the 2016 audit were addressed in 2017 and corrective measures were taken in relation to travel acquittals otherwise it was a clean audit report for the IPA. Preparations for the audit for the financial year 31 December 2017 are underway.

6. Budget/ Financial Performance

It was a historic year for the Authority in 2017 when no budget appropriation was given in the National Government Budget. The Authority funded all its operational and work program costs from internally generated revenues alone. The key revenue earners include Company Registration fees, Foreign Company Certification fees and the Intellectual Property Registration fees. New fees under the revised Companies Act were effected in February 2016 which had a positive effect on the overall financial performance of the Authority in 2017.

7. Accounting Package Upgrade

Work commenced on upgrading the accounting software package to an improved software package. The chart of accountants was completed and signed off and actual migration of data to the new package will happen in 2018

8. IPA Housing Policy

IPA continues to work in line with government policy on home ownership scheme. We launch our Home ownership policy delivered cheque to staff who have applied for the suspensory loan.

6.0 ROLLED OUT REGIONAL PROGRAMS

6.1 Regional Offices

IPA has been opening up its offices in the regional centers that will be the extra front counter for IPA who will assist clients and process certificates just like main office in Port Moresby.

This year we have maintained and renovate offices in Lae and Kokopo that is currently used. More regional offices will be established with adequate staffs.



Launching of the National Staff Home Ownership Scheme Policy – by Chairman of IPA Board, Leon Buskens and Board member, Mr.Allan Bird



New Look at Lae IPA office. The picture shows Mr. Philip Franklin, Deputy Chairman officiating at the opening of the refurbished Lae IPA Regional Office.

Awarding of first IPA cheque under the IPA National Staff Home Ownership scheme policy. The IPA assistance is a loan that can be used as an equity to secure Housing Loan at the Bank. IPA has five different categories under the scheme as, Land acquisition and development, customary or settlement or state lease land within NCD boundary and outside NCD boundary 35KM out, open market purchase, repair and maintenance of existing homes.



3.3 Community Support

Establishing relationship with neighboring community is an important part of the IPA's Community Social Responsibility.

IPA staff supported with gifts and kindness to the victims of blaze at Hanuabada village.



6.3 MEMORANDUM OF UNDERSTANDING SIGNING

IPA has agreed and signed MOU to work with different institutions and provincial administrations. Working with common interest and agreement is important for institutional relationship and job effectiveness.



Above: BPNG (FASU), IPA and the Securities Commission PNG signing MOU to work together under the theme of Anti Money Laundering and Counter Financial Terrorism

Below: Provincial MOU signing between Morobe Provincial Administration and the Investment Promotion Authority. This is also important for SME development and growth.



6.4 STAFF TRAINING

Staff training remains an important program among other priorities for the Investment Promotion Authority. We believe in building human resource for adequate skills and training that will then produce quality output in their role of duties. This is monitored through Key Performance Indicators annually. The Authority had a budget of K100, 000 for training and continued education activities for staff at different categories. Notable individual training achievements in 2017 include:

- Completion of a Masters in Business Administration, University of PNG by a female employee.
- Completion of a Diploma in Accounting, IEA College of Tafe, Port Moresby by a male employee.
- Completion of Diploma in Economic Policy Analysis, National Research Institute, Port Moresby by one male employee.

Ongoing short courses were recorded for staff motivation and empowerment were carried out through the year. Some of the trainings were under;

- Making Money Work;
- 7 Steps to Becoming Debt Free;
- 7 Steps to Financial Freedom; and,
- Home Buyer Seminar.

IPA is adamant to support other short courses and refreshers within and abroad that IPA officers can participate in. 2017 was an important year that IPA prepared for APEC 2018 and encouraged to take up training in Australia and New Zealand.



INVESTMENT PROMOTION AUTHORITY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2017**

D 21/8/18
The Managing Director
Investment Promotion Authority
PO Box 5053
BOROKO
National Capital District



Date: 3 August, 2018

Our Reference: 30-71-4

Action Officer: P.Alpe

Designation: a/DOA

Your Reference:

Dear Sir,

- DCSO*
- ① Prepare for annual report compilation with EPO
 - ② Prepare cover letter for my signature to Minister with attachments.
 - ③ Acknowledgement & thank AG for this.
- D 21/8/18*

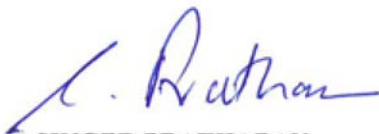
**AUDIT REPORT ON
INVESTMENT PROMOTION AUTHORITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

I enclose a copy of the Auditor-General's report together with a copy of the certified financial statements for the year ended 31 December, 2017.

In accordance with *Section 63(1)* of the *Public Finances (Management) (Amendment) Act, 2016* please ensure that your organization furnishes to the Minister a report of your operations during the year ended 31 December 2017, together with the financial statements in respect of that year and the Auditor General's report thereon for tabling in Parliament as required under *Section 63(4)* of the *Public Finances (Management) (Amendment) Act, 2016*. A copy of such report when furnished to the Minister, should also be forwarded to this Office.

Kindly take note that *Section 63(5)* of the aforementioned Act also requires that when a report or financial statement of a Public Body is reproduced for publication or for other purposes, the report of the Auditor General shall be included in the reproduction.

Yours faithfully,



SINGER PRATHABAN
Assistant Auditor-General
(Statutory Bodies Audit Division)
FOR: A/AUDITOR-GENERAL



Phone: (+675) 3012200 Fax: (+675) 325 2872

Email: agopng@ago.gov.pg Website: www.ago.gov.pg



Our Reference: 30-71-4

The Honourable Wera Mori, MP
Minister for Commerce and Industry
Office of the Minister
PO Parliament Haus
WAIGANI, NCD

**AUDITOR'S REPORT ON
INVESTMENT PROMOTION AUTHORITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

In accordance with *Section 8(4) of the Audit Act, 1989 (as amended)*, I have audited the accompanying financial statements of **Investment Promotion Authority** for the financial year ended **31 December, 2017** as set out on pages **2 to 11**, which comprise the balance sheet as at 31 December, 2017, the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the *International Financial Reporting Standard* and *Section 63(2) of the Public Finances (Management) (Amendment) Act, 2016* and other statutory requirements. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and presentation of the financial statements that are free from material misstatements, whether due to fraud or error.

Responsibility of the Auditor-General

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the *Audit Act* and *International Standards on Auditing*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

AUDIT OPINION

I report that in my opinion:

- (a) the financial statements of the Investment Promotion Authority are based on proper accounts and records; and
- (b) the financial statements are in agreement with those accounts and records, and show fairly the state of affairs of the Authority as at 31 December, 2017, and the results of its financial operations for the year then ended.



GORDEN KEGA
Acting Auditor-General

3 August, 2018

**INVESTMENT PROMOTION AUTHORITY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31ST DECEMBER 2017**

	Notes	2017 K	2016 K
INCOME			
Grant Income	2(a)	2,171,365	2,969,471
Others	2(b)	17,626,845	17,192,843
Total Operating Revenues		19,798,210	20,162,314
OPERATING EXPENSES			
Personal Emoluments		5,857,908	6,058,920
Travel and subsistence		205,139	122,734
Utilities		358,330	358,980
Office materials and supplies		234,745	304,594
Vehicle expenses		194,048	178,969
Administration consultancy		151,085	0
Property rental		3,699,457	3,686,252
Routine maintenance		6,266	29,281
Other Operational expenses		1,463,940	1,480,331
Board Expenses		96,456	174,196
Subscriptions and affiliations		496,704	70,747
Special projects		1,861,824	1,508,337
Grants/transfers - Public Authority		30,659	12,762
Total Expenditure		14,656,561	13,986,103
Net Profit/(Loss) before abnormal items		5,141,649	6,176,211
Less: Abnormal Items	7	0	0
Net Profit/(Loss) After Abnormal Items		5,141,649	6,176,211
Retained Earnings at the beginning of year		7,407,148	1,460,929
Adjustments recognised in the Statements	10	(45,871)	(229,993)
Retained Earnings as at the end of the year		12,502,926	7,407,148



INVESTMENT PROMOTION AUTHORITY
BALANCE SHEET STATEMENT
AS AT 31ST DECEMBER 2017

	Notes	2017 K	2016 K
ASSETS			
Current Assets			
Petty Cash		1,300	1,300
Cash at Bank	6	6,762,479	5,821,104
Prepayments and Other Debtors		319,251	80,850
Stock		48,430	55,425
Security Deposit		25,000	25,000
Investments in Fixed Term Deposits	9	8,075,249	3,747,523
Total current assets		15,231,709	9,731,203
Non-current Assets			
Motor Vehicle	3	226,545	327,182
Property Plant & Equipment	3	3,235,726	3,450,945
Furniture & Fittings	3	1,170,493	1,090,123
Office Equipment	3	823,161	827,904
Prepayments & Other Debtors		208,843	208,843
Total non-current assets		5,664,768	5,904,997
Total assets		20,896,477	15,636,199
Current Liabilities			
Creditors and accruals		2,244,665	2,463,694
Provisions	4	836,641	709,680
Total current liabilities		3,081,306	3,173,374
Non-current liabilities			
Provisions	5	1,421,916	1,165,348
Total non-current liabilities		1,421,916	1,165,348
Total liabilities		4,503,222	4,338,722
Net assets		16,393,255	11,297,478
EQUITY			
Government Grants and Reserves		3,890,330	3,890,330
Retained Earnings	11	12,502,926	7,407,148
Total Equity		16,393,256	11,297,478



**INVESTMENT PROMOTION AUTHORITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2017**

	Notes	2017 K	2016 K
Cash flows from operating activities			
Cash receipts from customers		23,027,564	17,824,558
Cash paid to suppliers and employees		<u>(21,742,031)</u>	<u>(13,655,301)</u>
Cash generated from operations		1,285,533	4,169,257
Interest Received from investments in FTD		<u>146,331</u>	<u>23,353</u>
Net cash (used in)/from operating activities		1,431,864	4,192,610
Cash flows from investing activities			
Proceeds from sale of assets		0	0
Purchase of property, plant & equipment	3	(362,863)	(31,042)
Payment of rental bond		<u>0</u>	<u>0</u>
Net cash (used in)/ from investing activities		(362,863)	(31,042)
Cash flows from financing activities			
Proceeds		0	0
Purchase of property, plant & equipment		4,200,000	3,120,000
Net cash (used in)/from financing activities		<u>4,200,000</u>	<u>3,120,000</u>
Net increase/(decrease) in cash and cash equivalents		5,269,001	7,281,568
Cash and cash equivalents at beginning of period		9,595,027	2,313,459
Cash and cash equivalents at end of period		<u>14,864,028</u>	<u>9,595,027</u>



INVESTMENT PROMOTION AUTHORITY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2017

	Notes	Govt Grants & Reserves	Retained earnings	Total
		K	K	K
Balance at 1 January 2016		3,890,330	1,460,929	5,351,259
Adjustment recognised in the statement			-229,992	-229,992
Net profit/(loss) for the period			6,176,211	6,176,211
Balance at 31 December 2016		3,890,330	7,407,148	11,297,478
Adjustments recognised in the statements	10		-45,871	-45,871
Net profit/(loss) for the period			5,141,649	5,141,649
Balance at 31 December 2017		3,890,330	12,502,926	16,393,256



Notes to and Forming part of the Accounts

**INVESTMENT PROMOTION AUTHORITY
FOR THE YEAR ENDED 31ST DECEMBER 2017**

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Statement of Compliance

The financial statements of Investment Promotion Authority have been prepared in compliance with the International Accounting Reporting Standards and other generally accepted accounting practices in Papua New Guinea.

(b) Basis of Preparation

The financial statements have been prepared on the basis of historical cost and except where stated do not take in to account current valuations of non-current assets.

(c) Depreciation of Property, Plant and Equipment.

Property, Plant and Equipment are depreciated over their estimated useful lives using the straight line method at the following rates;

Motor vehicles	20%
Computers	10% - 20%
Fixtures & fittings	5% - 10%
Office equipment	5% - 10%

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority. All other repairs and maintenance costs are expensed.

Profits and losses on disposal of property, plant and equipment are taken into account in determining the results for the year.

(d) Foreign currency conversions.

All foreign currency transactions during the year are recorded in the books using the rate of exchange prevailing at the date of transaction. At balance sheet date amounts receivable or payable in foreign currency are translated at the exchange rate prevailing at that date. All exchange gains and losses are brought to account in determining the results for the year.

(e) Inventories

Unused stationery supplies comprises the inventory for the Authority. They are valued at the lower of cost and net realisable value. Cost is determined on the weighted average basis.

(f) Employee entitlements

The amounts expected to be paid to employees for their pro-rata entitlements to long service leave, annual leave and other benefits are accrued at current wages rate. A provision is made for estimated liability for annual leave, long service leave and other benefits as a result of services rendered by employees up to the balance sheet date.



Notes to and Forming part of the Accounts

**INVESTMENT PROMOTION AUTHORITY
FOR THE YEAR ENDED 31ST DECEMBER 2017**

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(g) Government grants

Government grants are recognised in Profit and Loss Statement over the periods necessary to match them with the related costs which the grants are intended to compensate. At balance sheet date, any unused grants are recognised in the balance sheet as liability to the extent that unused grants are repayable.

(h) Provisions

Provisions are recognised when the Authority has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligations.

(l) Cash flows

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and interest bearing investments readily convertible into cash, net of bank overdraft.

2. Income

	<u>2017</u>	<u>2016</u>
Total income consists of:-		
Government Grant	2,171,365	2,969,471
Other income	17,624,764	17,192,843
Total income	<u>19,796,129</u>	<u>20,162,314</u>
2(a) Government grant consists of:-		
Ordinary grant	2,171,365	2,969,471
PIP and others	0	0
Total grant	<u>2,171,365</u>	<u>2,969,471</u>
2(b) Other income consists of:-		
Certification fees	1,869,320	2,329,800
Company fees	14,532,961	13,380,393
Commission - Deregistered Co Receipts	26,233	56,110
Sale of promotional materials/Publications	20,300	28,500
SCPNG Fees	1,000	349,800
Interest on FTDs	146,331	23,252
Intellectual Property Fees	984,120	1,000,915
PPSR Fees	19,000	13,300
Miscellaneous	25,499	8,773
Total	<u>17,624,764</u>	<u>17,192,843</u>

The Authority receives annual grants from the National Government to help finance the annual work programs of the Securities Commission of PNG. During the year, a total of K2,171,365.00 recurrent grant was received from the Government. Internal revenues generated amounted to K17,624,764



Notes to and Forming part of the Accounts
INVESTMENT PROMOTION AUTHORITY
FOR THE YEAR ENDED 31ST DECEMBER 2017

3. Property, Plant & Equipment

	Motor Vehicle K	Computers K	Fixtures & fittings K	Office equipment K	Total K
at cost/revaluation:					
At 31 December 2016					
Gross carrying values - 1 January 2016	939,743	4,635,662	2,153,927	1,365,135	9,094,467
Add: Acquisitions during the year	0	0	0	31,042	31,042
Less: Disposals during the year	(154,903.00)	-	-	-	(154,903.00)
Add/(Less) Adjustments during the year	0	0	0	0	0
Gross carrying values - 31 December 2016	784,840	4,635,662	2,153,927	1,396,177	8,970,606
Less: Accumulated Depreciation	(457,658)	(1,184,717)	(1,063,804)	(568,273)	(3,274,452)
Net carrying values as at 31 December 2016	327,182	3,450,945	1,090,123	827,904	5,696,154
At 31 December 2017					
Gross carrying values - 1 January 2017	784,840	4,635,662	2,153,927	1,396,177	8,970,606
Add: Acquisitions during the year	0	20,612	243,584	98,667	362,863
Less: Disposals during the year	0	0	0	0	0
Add/(Less) Adjustments during the year	0	0	0	0	0
Gross carrying values - 31 December 2017	784,840	4,656,274	2,397,511	1,494,844	9,333,469
Less: Accumulated Depreciation	(558,295)	(1,420,547)	(1,227,018)	(671,683)	(3,877,543)
Net carrying values as at 31 December 2017	226,545	3,235,727	1,170,493	823,161	5,455,926

Reconciliation of carrying amounts at the beginning and end of the year is as follows:

Cost/valuations - 1 January 2017	784,840	4,635,662	2,153,927	1,396,177	8,970,606
Accumm Depon - 1 January 2017	(457,658)	(1,184,717)	(1,063,804)	(568,273)	(3,274,452)
Net carrying values - 1 January 2017	327,182	3,450,945	1,090,123	827,904	5,696,154
Additions during the year	0	20,612	243,584	98,667	362,863
Disposals during the year	0	0	0	0	0
Adjustments during the year	0	0	0	0	0
Depreciation charge	(100,637)	(235,831)	(163,214)	(103,410)	(603,092)
Net carrying values as at 31 December 2017	226,545	3,235,726	1,170,493	823,161	5,455,925

During the year the Authority made a total purchase of K362,863. These are renovation costs for the Lae and Kokope Offices. The Authority carried a total net assets value of K5,455,925 as at 31 December 2017 (31 December 2016 was K5,696,154).

	2017 K	2016 K
4. Provisions (Current)		
Employee Entitlements (Note 5) (b)	461,689	384,552
Audit Fees (a)	38,500	38,500
Contract Gratuities	336,452	286,628
Total	836,641	709,680
(a) Audit Fees		
Opening balance	38,500	77,000
Provision created	38,500	38,500
Less: Payments made against the provision	(38,500)	(77,000)
Closing balance	38,500	38,500
(b) Employee Entitlements		
Opening balance	384,552	437,662
Increase/(Decrease) in Provision	244,280	(53,110)
Less: Payments made against the provision	(167,143)	0
Closing balance	461,689	384,552



Notes to and Forming part of the Accounts

**INVESTMENT PROMOTION AUTHORITY
FOR THE YEAR ENDED 31ST DECEMBER 2017**

	<u>2017</u> K	<u>2016</u> K
5. Provisions (Non-current)		
Employee entitlements	<u>1,421,916</u>	<u>1,165,348</u>
Employee entitlements (Current and Non-current)		
Opening Balance	1,165,348	1,193,049
Increase/(decrease) in provisions	266,786	-27,701
Less payment made	<u>(10,218)</u>	<u>0</u>
	<u>1,421,916</u>	<u>1,165,348</u>
Current (Note 4)	461,689	384,552
Non-current	<u>1,421,916</u>	<u>1,165,348</u>
Closing balance	<u>1,883,605</u>	<u>1,549,900</u>

As at 31 December 2017, the Authority had a balance of K2,220,057 for provisions relating to staff benefits.
As at 31 December 2017, the Authority has a balance of K38,500.00 for provisions relating to annual audit fees.
Staff entitlements are accrued at current wage rates (refer note 1(f)) while the audit fee expenses are based on annual audit fees charged by the auditors. The 2016 audit fees are charged to profit and loss account at K3, 208 per month or K38, 500 per annum at current rates.

6. Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks. Cash and cash equivalents in the cash flow statement comprise the following balance sheet amounts:-

	<u>14,864,028</u>	<u>9,594,927</u>
Petty Cash Balances	1,300	1,300
Bank balances	6,762,479	5,821,104
Security Deposit	25,000	25,000
Short term deposits (refer note no. 9)	<u>8,075,249</u>	<u>3,747,523</u>
	<u>14,864,028</u>	<u>9,594,927</u>
The bank account balances for the Authority at the end of the year are as follows;		
	<u>6,762,479</u>	<u>5,821,104</u>
Operating Account (Westpac Bank)	1,506,755	2,065,151
Registrar of Companies Trust Account (Westpac Bank)	1,137,559	857,502
EFF (ANZ Bank)	1,997,399	1,116,187
IPA - Buka (BSP)	1,075,445	1,021,279
IPA National Staff Home Ownership Scheme (BSP)	580,839	0
Government Grant Transfer Account (BPNG)	464,483	760,985
	<u>6,762,479</u>	<u>5,821,104</u>



Notes to and Forming part of the Accounts

INVESTMENT PROMOTION AUTHORITY
FOR THE YEAR ENDED 31ST DECEMBER 2017

	<u>2017</u>	<u>2016</u>
	K	K
7. Abnormal Items		
Loss on disposal of fixed assets	0	0
	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
8. Disposal of Fixed Assets		
Gain on Disposal of Fixed Assets	<u>0</u>	<u>0</u>
9. Fixed Term Deposits		
	<u>8,075,249</u>	<u>3,747,523</u>
Kina Bank	5,625,797	3,000,000
Westpac PNG Ltd	747,967	747,523
BSP	<u>1,701,485</u>	<u>0</u>
	<u>8,075,249</u>	<u>3,747,523</u>
The Authority made an additional K4.2 million in short term deposits with Kina Bank and BSP for the financial year ending 31st December 2017.		
10. Adjustments recognised in the statements		
Prior Year Adjustments	<u>-45,871</u>	<u>-229,992</u>
Write back unrepresented cheques to the main bank account	-34,988	0
Other year-end adjustments	-10,883	-255,124
Loss on Disposal of Assets	0	0
Bad Debt	<u>0</u>	<u>25,132</u>
	<u>-45,871</u>	<u>-229,992</u>

Other year-end adjustments include 2016 invoices that were received in 2017.



Notes to and Forming part of the Accounts

**INVESTMENT PROMOTION AUTHORITY
FOR THE YEAR ENDED 31ST DECEMBER 2017**

	<u>2017</u>	<u>2016</u>
	K	K
11. Retained Earnings		
	<u>12,502,926</u>	<u>7,407,148</u>
Balance at the beginning of the year	7,407,148	1,460,929
Add/(Less) adjustments recognised in the statements (refer note no.10)	(45,871)	-229,992
Add/(Less): Profit/(Loss) for the year	<u>5,141,649</u>	<u>6,176,211</u>
	<u>12,502,926</u>	<u>7,407,148</u>

12. Contingencies and Other Commitments

(i) Contingent Assets and Liabilities

No contingent liability is expected to become enforceable from the date of this report that would require the Authority to meet its obligations when they fall due.

(ii) Other commitments

No Other Commitment is expected to become enforceable from the date of this report that would require the Authority to meet its obligations when they fall due.



CORPORATE GOVERNANCE

a. IPA Board

The IPA Board is established under section 8 of the IP Act 1992. The board manages and directs the affairs of the Authority through provision of the policy and strategic guidance. They have also advised other key programs as APEC that IPA is involved and encouraged for positive achievements.

b. Board Meeting

The Board successfully had four meetings in every quarter of this year and deliberated on the important issues concerning the Authority. As required under section 15 of the IP Act 1992, a quorum of five (5) members is required for board meetings to be conducted. All board meetings conducted were recorded, minutes signed and kept on file for references.

c. Disclosure of interest

Under section 16 of the IP Act 1992, all Board Members are required to disclose any direct or indirect interest in a matter being considered prior to deliberation and the disclosure is recorded in the Board minutes. A complete interest register for all Board Members is also updated and the most up to date list is appended as part of this Annual Report.

d. Audit and Risk Committee

The Audit and Risk Committee successfully had meetings as required. All financials were recorded. The Auditor General successfully completed its financial audit that came up with clean records.

Board Composition

The IPA Board is comprised of a member from the Department of Commerce and Industry, Finance and Planning, the a/Managing Director of IPA, Two members nominated by the Papua New Guinea Chamber of Commerce and Industry, Rural Industry Council, Liklik Business Manmeri Association Inc, Chamber of Mines and Petroleum and two nominees by the Portfolio Minister. The Board has been very strategic and keeps the organization performing well over expectation that is evident by the strategic plan achievement of well over 90%.

IPA BOARD



EXECUTIVE MANAGEMENT



Mr. Clarence Mala Hoot
Acting Managing Director,
Investment
Promotion Authority

Mr. Clarence Hoot is currently the Acting Managing Director. He has clocked over 24 years as a Public Servant. Mr Hoot joined the IPA in April 2000 from an eight year stint at the Department of Trade and Industry. There he worked in the core areas of trade and investment policies, investment project analysis, industrial projects evaluation and implementation and bilateral, regional and international arrangements.

At the IPA he led a team responsible for investment promotion, research and information, marketing and exports and the public relations which is the investment promotion face of the IPA. Most recently Mr Hoot was the Co-Convenor of the Investment Expert Group under the Committee on Trade and Investment within the APEC fora since his election 2013 and completes his three year term at the end of the 2016 APEC Year.

He holds a MBA (International Business) from the University of South Queensland and a Bachelors Degree of Economics in Business Studies (UPNG) and a Diploma in Economic Policy Analysis from NRI.



Ms. Anna Marikawa
Director,
Corporate Services
Division

Ms Anna Marikawa joined the IPA in July 1998 after eight and a half years with the then National Planning Office and the Department of Finance and Planning. She has experience in planning and budgeting for the Social Sector and the Administrative Sector agencies, up to the position of Senior Implementation and Monitoring Officer. She has been Director of Corporate Services Division since May 2013.

The position of Director/Corporate Services provides oversight for key support services to the IPA including budgeting and finance, information technology, human resources management and administrative support services. Her previous position includes Human Resources Manager, Senior Research Officer, and Special Projects Officer with the IPA. Ms. Marikawa holds a Master of Business (Professional Accounting) from Victoria University, Melbourne, a BA (Social Work) from UPNG and a Diploma in Economic Policy Analysis from the NRI.



Mr. Christopher T. Hnanguie
Executive Chairman,
Securities Commission of
Papua New Guinea

Mr. Christopher Taylor Hnanguie has been appointed as chairman of the Securities Commission of Papua New Guinea in 2017.

Mr. Hnanguie is a Macroeconomist who has been working with the Asian Development Bank for the last 22 years. He has been working with 23 different economies in the Asia Pacific region with the expertise in Economic Development Management, specialized in Aid programming, development planning, monitoring and evaluation and macro economic analysis.

Christopher holds a Master of Business Administration from the Ateneo University, Masters of International Political Economy from University of Victoria, BA in Political Science and Public Administration from UPNG and pending thesis for Masters in Business Economic from the University of Asia Pacific.

He is also a professional member to the Asia Pacific Strategic Business Economic club, ADB Practice, Regional Economic outlook Taskforce, ADB Economic Regional Corporation, ADB Civil Society Community of Practice and ADB Poverty Reduction Community of Practice.



Ms Amelia Na'aru
Registrar of Intellectual
Property Office

Ms. Amelia Na'aru has been with the Investment Promotion Authority for 17 years. She joined the IPA in 2000 and served in different capacities as Enforcement Lawyer within the Securities Commission of PNG, and then was seconded to the Intellectual property office briefly. In 2005 she was appointed as the Senior Trademark Examiner dealing with the examination of trademarks. In 2009 she was appointed to position of Deputy Registrar and subsequently appointed in 2010 as Registrar of the Intellectual Property Office. She is responsible for leading the team in administering the different legislation in intellectual property rights protection and management, including developing policy and legislation reflecting the global and regional developments in the field of Intellectual Property Rights (IPR). She is a certified Lawyer with a Bachelors Degree in Laws from UPNG and a Masters in Public Administration from the Divine Word University, Madang.



Mr. Daroa Peter
Acting Director Investor
Servicing & Promotion
Division (ISPD)

Mr. Daroa Peter is currently the Acting Director Investor Servicing & Promotion Division for the Investment Promotion Authority since October 2016. He has also been performing acting duties on this position from time to time since 2012. His substantive position is Manager - Investment Promotions.

Mr. Peter commenced work with the Authority in May 2000 and has been with IPA for over 17 years in various different key positions including, Special Projects Officer-Board & Corporate Affairs, Acting Executive Officer to the Office of the Managing Director, Investment Project Analyst and

Manager-Investment Promotion since 2012. The Director ISPD performs a vital role in monitoring and directing the Division that plays a pivotal role in the promotion, facilitation and servicing of investors to and within Papua New Guinea as outlined under the Division's work program.

Mr. Peter also represents Papua New Guinea and the Authority at the APEC Investment Expert Group meeting and also represents the Authority at global, regional and bilateral meetings engagements including MSG, WTO, IFC, ADB and Bilateral Investment Treaty negotiations as well as other various inter-government agency investment and trade related meetings.

He graduated with double Bachelor Degrees in Economics and Arts respectively from the University of Papua New Guinea in 1999.



Ms. Harriet Kokiva
Acting Register of
Companies

Ms. Harriet Kokiva is currently the Acting Registrar of Companies. She heads IPA's biggest division and oversees daily operations of the Companies Office including the Legal & Enforcement Unit, the Foreign Certification unit, Accounting Standard Board Secretariat, the Online Registration System and the Personal Properties Registry.

Ms Kokiva joined the IPA on 13 January 1993 and has been with the Investment Promotion for over 25years serving in various roles and capacities. She possesses a Bachelors Degree in Economics (Business Studies) from the University of Papua New Guinea. She also recently graduated with a Diploma in Government (Management) from the Canberra Institute of Technology.

BOARD MEMBERS



MR. LEON BUSKENS
BOARD CHAIRMAN

Leon Buskens is serving his second term as Chairman of the Investment Promotion Authority. He was initially appointed in 2012. He has over twenty years of Business experience within the private sector and the Government. He served as a Ministerial Appointee



MR. MEL TOGOLO,
CBE

Mel Togolo is serving the IPA Board representing the PNG Chamber of Mines and Petroleum. He has been involved in the resources industry in PNG and overseas, particularly in mineral sector, for almost 26 years having worked for various mining companies.



MR. PHILIP FRANKLIN
MBE, FAICD
DEPUTY CHAIRMAN

Philip Franklin is currently the Deputy Chairman and serving his third term on the Investment Promotion Authority. He has worked in PNG on a continuous basis for 39 years in general manager and CEO roles across a broad industry base including forestry, agribusiness, food manufacturing, road transport, property project development, and mining infrastructure projects. He represents PNG Chamber of Commerce and Industry.



MR. DAVID CONN, OL
MBE

David Conn is serving his third term as a Member of the Investment Promotion Authority. He is an entrepreneur with more than 31 years of experience in business, service and government organizations and has worked in senior management roles. He represents Port Moresby Chamber of Commerce and Industry.



MR. CLARENCE M. HOOT
ACTING MANAGING
DIRECTOR

Mr. Clarence Hoot is currently the Acting Managing Director. He has joined the Authority in 2000 and worked for over 17 years with 8 years experience from Department of Trade Commerce and Industry.



Prof ALBERT CONRAD
MELLAM, PhD

Professor Albert Conrad Mellam is serving his third term as member of the Investment Promotion Authority. He was IPA Board Chairman from mid 2009 to 2011 and is a ministerial appointee.



MR. GRAHAM AINUI

Mr. Graham Ainui is serving his first year as an alternate member to the IPA board. He represents the Rural Industry Council.



MR. DAVID GANAI

Mr. David Ganaii is serving his third year as the Alternate Member (Ex-Officio Secretary for Trade, Commerce and Industry) on the IPA Board. He has over 15 years with Department of Trade, Commerce and Industry.



MR. JOHN A. UWARE

Mr. John A Uware is serving his second year as the Alternate Member (Ex-Officio Secretary for Treasury) on the IPA Board. He has worked the Treasury for over 26 years and brings with him wide experience.

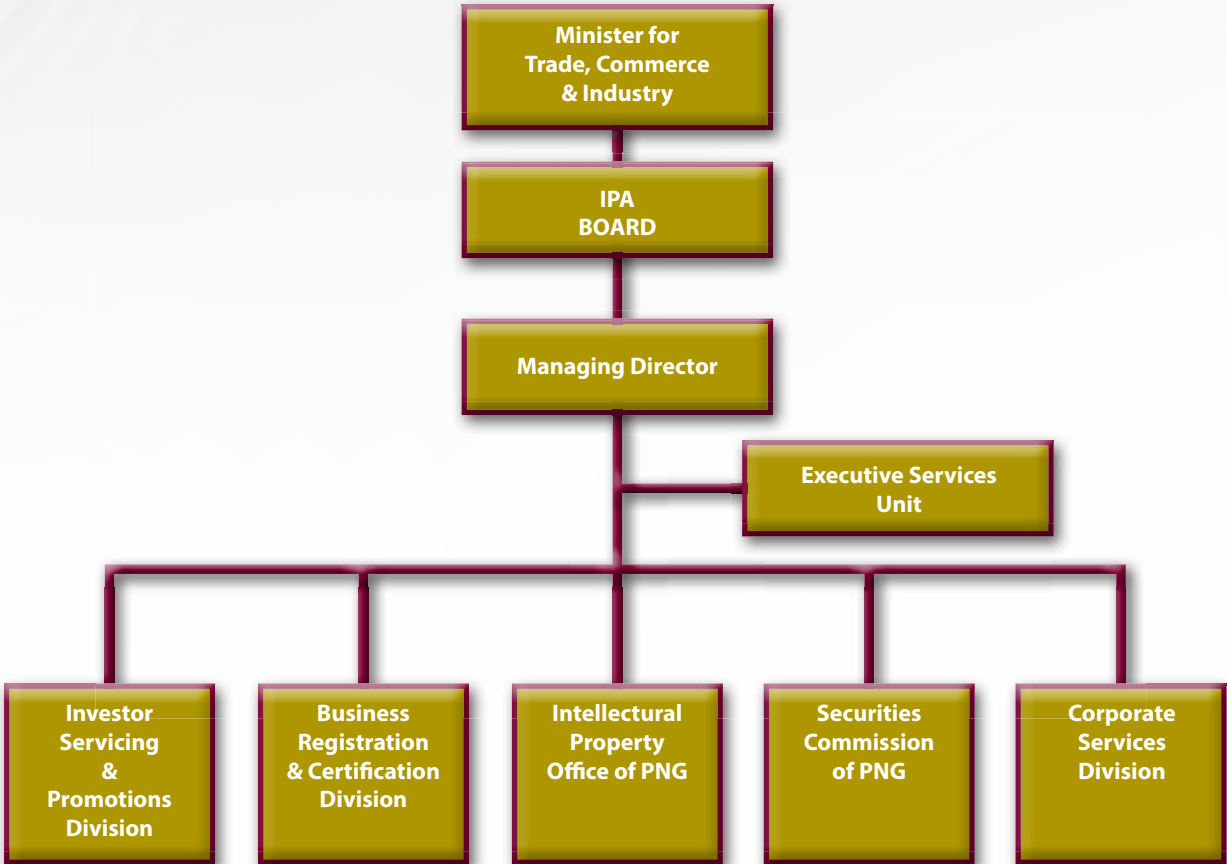


**MR. RONALD G. MARU
BOARD SECRETARY**

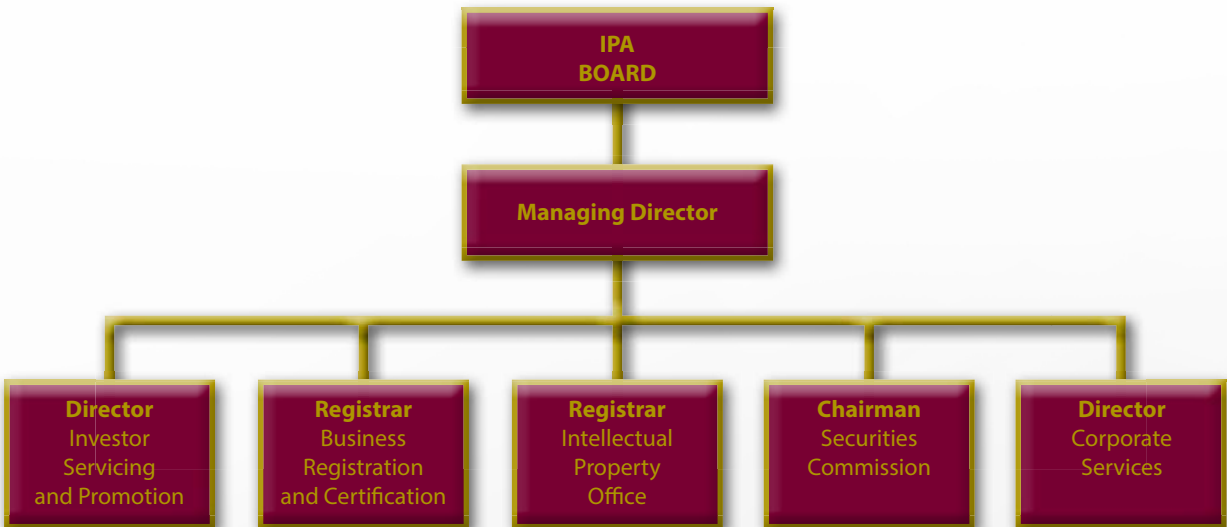
Ronald Maru is serving his third year as Board Secretary of the Investment Promotion Authority. He was appointed in 2014. He has over 20 years of policy experience with the Government.

APPENDICES

IPA ORGANISATIONAL STRUCTURE



IPA MANAGEMENT STRUCTURE



EXECUTIVE MANAGEMENT TEAM - 2017

NAME	REPRESENTATION	Period of tenure in 2017
Mr. Clarence M. Hoot	<i>Acting Managing Director & CEO</i>	Annual
Mr. Daroa Peter	<i>Acting Director Investor Servicing & Promotion Division</i>	Annual
Mr. Christopher Taylor Hnanguie	<i>Executive Chairman – Securities Commission of PNG</i>	Annual
Ms. Harriet Kokiva	<i>Acting Registrar of Companies - Companies Office</i>	Annual
Ms. Amelia Na'aru	<i>Registrar Intellectual Property Office of PNG (IPOPNG)</i>	Annual
Ms. Anna Marikawa	<i>Director Corporate Services Division</i>	Annual
Mr. Ronald Maru	<i>Executive Officer to Managing Director Executive Services</i>	Annual

BOARD MEMBERS AND ALTERNATE MEMBERS - 2017

NAME	REPRESENTATION	DESIGNATION	ALTERNATE MEMBER	PERIOD OF TENURE IN 2017
Mr. Leon Buskens c/- Kopkop College PO Box 5079 BOROKO 111 - NCD Ph: 326 1822 Fax: 326 3950 Email: leonbuskens@gmail.com	Ministerial Appointee	Chairman		Annual
Mr. Phil Franklin, MBE Lae Chamber of Commerce & Industry (Rep) C/- PO Box 148 PORT MORESBY 121 - NCD Contact: Louisa Bill Ph: 7286 5781 Email:	PNG Chamber of Commerce & Industry	Deputy Chairman	President (Lae) Lae Chamber of Commerce & Industry PO Box 265 LAE 411 – Morobe Province Contact: Ph: 472 2340 Fax: 472 6038 Email:	Annual
Professor Albert Mellam - VC c/- PNG Chamber of Mines and Petroleum PO Box Port Moresby - NCD Contact: Faleloa Ph: 326 77142/7685 0911/72280006 Fax: Email: al.mellamc@upng.ac.pg	Ministerial Appointee	Member		Annual
Mr. David Conn President (POM) Port Moresby Chamber of Commerce & Industry (Rep) PO Box 1764 PORT MORESBY 121 – N.C.D Contact: Lisa Ph: 321 3077/7200 2055 Fax: 321 4203 Email: daveconn1@pomcci.org.pg	POM Chamber of Commerce & Industry	Member	Mr. Ken Dunn c/- First Investment Finance Ltd PO Box 326 PORT MORESBY 121 – NCD Contact: Ph: 321 7900/703 13679 Fax: 321 7907 Email: kdunn@moniplus.com	Annual

NAME	REPRESENTATION	DESIGNATION	ALTERNATE MEMBER	PERIOD OF TENURE IN 2017
Mr. Graham Ainui c/- RIC PO Box 1530 BOROKO 111 – NCD Contact: Ph: 321 5773 Fax: 321 7223 Email: grahamainui@online.net.pg	RIC	Member	Mr. Graham Ainui c/- RIC PO Box 1530 BOROKO 111 – NCD Contact: Ph: 321 5773 Fax: 321 7223 Email: grahamainui@online.net.pg	Annual
Dairy Vele Treasurer Department of Treasury PO Box 542 WAIGANI 131 – N.C.D	Department of Treasury	Member (Ex-officio)	John Uware Acting Deputy Secretary Corporate Service Division Department of Treasury PO Box 542 WAIGANI 131 – N.C.D	Annual
Mr. Andrew Liliura Secretary Department of Trade, Commerce & Industry PO Box 375 WAIGANI 131 – N.C.D Contact: Edith Ph: 325 9225 Fax: 325 6108	Dept. of Commerce	Member (Ex-officio)	David Ganai Acting First Assistant Secretary Department of Commerce & Industry PO Box 375 WAIGANI 131 – N.C.D	Annual
Mrs. Veitu Diro c/- Culinary Delight Services PO Box 6400 BOROKO 111 – NCD Contact: Kila Ph: 323 2319/717 20945 Fax: 323 6443 Email: valinamald@gmail.com	Liklik Bisnismanmeri Rep.	Member		Annual
Mr. Clarence M. Hoot c/IPA P O Box 5053 BOROKO – NCD Contact: Annie Ph: 308 4444/308 4425 Fax:3212819mail:ani@ipa.gov.pg	Managing Director Investment Promotion Authority	Member (Ex-officio)		Annual

IPA BOARD MEETING HELD - 2017

NAME	Number of Meetings Attended (Quarterly)	No. of Special Board Meetings Attended
Philip Franklin	4	
David Conn	4	2
Professor Albert Mellam	4	3
Veitu Diro	3	
David Ganai	4	
Graham Ainui	4	
John Uware	4	3
Clarence M. Hoot	4	2



INVESTMENT PROMOTION AUTHORITY
OF PAPUA NEW GUINEA

We facilitate
and take you through
the necessary steps
to do business
in PNG.

IPA Haus

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(Corner of Lawes Rd & Champion Pde)
Konedobu, Port Moresby
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NCD, Papua New Guinea

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