



Opportunity

Issue 6 - June 2018

Business News, reviews and overviews from the IPA

MD's INBOX



CLARENCE M HOOT
Acting Managing Director

Dear Readers and welcome to our sixth edition of the *Opportunity* newsletter.

As the year continues to unfold, operations have gone into full swing and most projects have gone off the ground. June has been another very busy month for the Authority.

Firstly, on the policy side, a national working committee has been formed for the review of the National Investment Policy. Read more about this in our article on the NIP review.

Another legislation that is currently under review is the Associations Act 1966. Work is progressing well in this space but let me again urge you, our readers, to find time to download the consultation memoire from our website homepage and give your feedback. Read more about this in our notice board and Legal update sections.

We've also taken a notch higher in terms of building our corporate image by getting new staff uniforms. We hope you like it.

In our other stories, we are very proud to see the growth of our local SME exporters from strength to strength and local businesses expanding to other neighboring countries.

We also congratulate Vitis Industries for winning Gold in the world beer expo as you will find in our inside story.

On that note, enjoy this issue and we look forward to receiving your feedback as always.

Thank you and happy reading!!!

Clarence M. Hoot
Acting Managing Director

IN THE NEWS

AIR NIUGINI TO UPLIFT PNG MADE PRODUCTS FOR OVERSEAS MARKET.

Air Niugini Cargo, a subsidiary of Air Niugini Limited has announced a new initiative to provide specific freighter services in mid next year to uplift PNG MADE PRODUCTS from local famers at a 50 percent discount and export to overseas markets.

ANG Cargo's General Manager, Mr Gus Kraus-made the brief annoucnement during the inaugural agriculture summit held in Port Moresby.

He said "We are pleased to be able to offer all shipments of PNG Made products specifically designed to boost PNG Export sector 50 % rebate so as to help the local farmers and boost the PNG export sector through a steady flow of foreign exchange".

Mr Kraus said Papua New Guinea has been exporting vanilla beans, crocodile skins, live crabs, bechedemer and tunahowever, it must expand to also include products like roasted coffee, chocolate, fresh fruits and vegetables. "We would like to see fresh vegetables like taro, yam and other root crops exported to the nearby Australian markets, similar to what other Pacific Island countries have been doing."

"Air Niugini Cargo will offer various shipments of PNG Made products and by operating our own freighter , we will not only boost our cargo business, but also help those farmers that are "giving it a go" to earn themselves and their families a better way into the future."

Mr Kraus also said it is important that all parties involved must understand the rigid quarantine requirements of the importing country to ensure that they meet the quality and standards required.

" For example if we were to export to Australia, we must meet the Australian Quarantine and Inspection Service(AQIS) regulatory requirements, otherwise a one off export not meet-

Tips & Traps

How do I tell if the company is local or foreign owned?

When determining whether a company is a local/citizen or foreign owned company, the Investment Promotion Authority under the Investment Promotion Act 1992 uses two main criterias. The Investment Promotion Authority determines the:

- I. Shareholding structure of the company; and
- II. Management and control of the business operations.

I. SHAREHOLDING STRUCTURE OF A COMPANY

The first criterion is very clear. It means that when the shares are solely owned by a foreigner, then

the company is deemed to be a foreign owned company or a locally owned company if it's solely owned by a PNG citizen.

II. MANAGEMENT & CONTROL OF THE BUSINESS OPERATIONS

The second criterion is applicable when a foreigner is in full control of the management and operations of the company. In such situations the company is deemed to be a foreign company. This is irrespective of the shareholding structure.

Management and control has been one of the criteria used in determining whether or not a company is a locally/citizen owned or foreign owned company, in the daily management and control operations of a company.

Continue on to next page.....



ing requirements could sabotage the whole concept.”

“Once harnessed professionally, PNG Made Products can find their way into the foreign markets and compete on the world stage.” Kraus said.

Mr Kraus added that the Government’s Marketing body for export initiatives should strengthen its role of being a central source for developing exports rather than individual groups or bodies trying to do their own thing. He said individual commodities should be addressed after establishing markets, quality and regulatory requirements together with setting up farmers in their specific fields of expertise in certain crops.

“This could include Aquaculture which PNG has a vast resource ready to tap into with filtered deep sea fish products into the Southern markets and when you look at our sea boundaries and the potential within our sealed-off provinces, its no wonder that this has not as yet been exponentially tapped.” Kraus said.

High value products usually can withstand higher levels of freight costs, however, Air Niugini Cargo will provide incentives to get any new PNG Made products in a ready for export mode.

Air Niugini Chief Executive Officer, Mr Simon Foo said Air Niugini Cargo began its subsidiary operation in January 2017 and is already contributing positively to Air Niugini’s bot-

tom line.

He said Air Niugini as the mother company is very excited about the new initiative by its Cargo subsidiary.

“We are working with the newly set up board of Air Niugini Cargo under its own Board Chairman, Ken Harvey, to challenge the new subsidiary to grow our secondary income source. Air Niugini will give every support possible to ensure Air Niugini Cargo meets the requirements set out in our 2018 Business Plans including the export of PNG Made Products incentive.” Mr Foo concluded.

Courtesy of Air Niugini’s Corporate Communications Department.

IN THE NEWS

Norman Finance moves to Fiji

One of Papua New Guinea’s locally owned financing company has made a footing into the Fijian market to invest in the industry.

Norman Finance Limited is a Papua New Guinean company and specializes in soft loans for public servants. The company has 22 branches throughout the country and has now expanded to Suva, Fiji.

Company Director Mr. Gabriel Anandi told Fiji Sun that the company is slowly extending its client range to Fiji as a Melanesian brother.

“Norman Finance is not here to compete against Fijian finance companies,” he said. “We are here to offer an alternative to individuals and companies looking for soft loans due to similarities in the Melanesian cultural obligations,” he added.



Picture courtesy of Fiji Sun

Papua New Guinea’s Mosin beer wins gold

Papua New Guinean based Vitis Industries Limited has won six (6) top prizes at the annual Berlin International Beer Competition 2018.

The premium beers produced under the brand Mosin is owned by Sergey and Vikki Mosin.

The Mosin beer entries include Classic Lager 7% which won one gold, Pilsner 5.5% which won silver and Classic Strong Lager 12%, New Guinea IPA 5%, Stout 5.5%, Gold Lager 5.5% which won bronze medals. To top it off Mosin was named “Best Brewery of the Year.”

“What an unexpected and remarkable achievement for a developing country like PNG to produce world class beers,” says Mr Sergey Mosin.

The second Annual Berlin International Beer Competition 2018 was held at the Kempinski Hotel Bristol Berlin in March of this year.

The Competition features 100 plus beers from

12 countries around the world including the United States, Belgium, Canada, Germany, Slovenia, Taiwan and the United Kingdom.

Vitis Industries have produced alcoholic and non-alcoholic beverages using Russian techniques since 2002 and exports to Asia, Australia, New Zealand, the Pacific Islands, China and Japan.

Mr Mosin is proud of his company’s success in such a short time, up against some stiff competition from SP Breweries who have held the lion’s share of the PNG local market for the past 50 years.

“We developed our own recipes and technological processes,” said Mr Mosin.

“We know that our beers are of high quality because they are made with only the best Australian raw materials using traditional batch brewing processes,” said Mr Mosin.

Mr Mosin credits the expertise of brew master Philip Magic who has 30 years of experience in beer brewing in South Africa, Aus-

tralia and New Zealand.

“Sending a sample of our beer to Berlin was to show the world that even developing countries such as PNG could produce products with high quality of international standards. This award has definitely lifted our beers to the level of premium beers in the world,” said Mr Mosin.

He added that our efforts are now recognized and awarded.

“We are preparing marketing campaigns based on our Berlin medals – its still in the process – we hope that it will make significant impact on our sales,” he said.

Mr Mosin added that this is a significant and proud moment for Vitis Industries Limited and PNG as a whole on the international stage.

Vitis Industries Limited employs 1200 staff in PNG and downstream processing local agricultural crops.

Courtesy of People’s Notice Board.

ANNOUNCEMENT ON THE REVIEW OF THE INVESTMENT PROMOTION ACT AND NATIONAL INVESTMENT POLICY

The Investment Promotion Authority as the lead agency for the National Investment Policy has been asked by the Department of Commerce, Trade & Industry to undertake the review on the National Investment Policy.

An initial review was done under a partnership with the Department of Treasury, and the Asian Development Bank. The outcome of the review was an IPA-commissioned report which was aimed at assessing PNG's current investment policy framework and identify areas of improvement.

The report also provided international best practices and recommendations for an investment law framework for PNG.

The draft policy will undergo wider consultation before being submitted to the NEC for approval.

In announcing the review, IPA's Acting MD, Mr Clarence Hoot said that private sector investment was the driver of economic growth and PNG needed a concise national investment policy statement that addressed key investment issues, and also signals how welcoming the government is to business

investment.

Given that the current PNG investment policy was outdated, the initial review and assessment was based on the Investment Promotion Act, the IPA's administrative practices, as well as other government policy documents.

The legislative reviews to the NIP and IPA Act 1992 are two projects currently being undertaken as part of the partnership with the Asian Development Bank's (ADB) Pacific Private Sector Development Initiative (PSDI).



UPDATE

Investment Experts Group project progressing

Plans are well underway to host an Asia Pacific Economic Cooperation (APEC) workshop on developing sustainable and inclusive investment policies, an outcome of the Investment Experts Group Meeting within the APEC region.

The workshop is part of the IPA's project which was approved for funding by the APEC Secretariat Budget Management Committee

(BMC) together with 10 other projects from PNG.

IPA is one of those agencies, who have had their Concept Notes approved for funding and are expected to organise such workshops to achieve some of PNG's priorities and deliverables in the 2018 host year.

The aim of the IEG workshop is to discuss ap-

proaches and best practices on the design sustainable and inclusive investment policies that contribute to broad-based economic growth, leading to the improvement of living standards.

The workshop will be held on August 11-12 in Port Moresby on the margins of the third APEC Senior Officials Meeting or SOM3.



What is the difference between trademarks and an Industrial Design?

Trademarks are signs often visual in nature that are affixed on goods or used in connection with the offering of services, and Patents are used to protect the inventive aspects of manufactured articles.

An Industrial Design is distinguished from a trademark primarily because it is constituted by the appearance of a product, which must not necessarily be distinctive (a prime requirement for a trademark). A trademark

although it may consist of all kinds of visible signs, which may or may not be ornamental, must always be distinctive, since a trademark must always be capable of distinguishing the goods and services of one enterprise from another. Therefore the functions of, and justifications for, protecting industrial designs and trademarks are quite different.

The object of protection of an industrial design is different from that of a patent, primar-

ily because an industrial design must relate to the appearance of the object and which is not determined by technical or functional necessity. The object of patent protection, in contrast, is determined by the functionality of an object or process since it must be an "invention".

Source :

Information materials from the Distant Learning course offered by the World Intellectual Property Organisation (WIPO) have been used to develop articles in this section.

PUBLIC CONSULTATION ON PROPOSED CHANGES TO THE ASSOCIATIONS INCORPORATION ACT 1966

The Investment Promotion Authority (IPA) is responsible for the administration of key PNG business laws, among them the Associations Incorporations Act 1966 ("The Associations Act").

The Associations Act has remained unchanged since its passage and the IPA wishes to elicit feedback on issues proposed to be addressed in a future amendment. The proposed changes are intended to: i) address issues that have been identified as problematic for local associations; and ii) bring the Act into compliance with international anti-money laundering (AML) mandates aimed at bringing a higher level of transparency and accountability to this business entity type.

The **Consultation Memorandum** seeking stakeholder feedback is available for download at www.ipa.gov.pg. The Consultation Memorandum seeks feedback on the following issues:

- process to incorporate and/or form an association;
- subtypes of associations and other organizational issues;
- types of groups that should be eligible to become associations;
- proper grounds for an objection to the formation of the association;
- financial transparency;
- rights and responsibilities of committee members;

- registration of foreign associations;
- accountability and good corporate governance practices; and
- general administration and management of associations.

Public Consultations

The consultation team wants to hear your views on the proposed changes. All members of the public and business community are encouraged to attend and provide your views. Consultations will be held in Port Moresby, Lae, Kokopo and Goroka. Details will be advised closer to the dates

Written Submissions

The Investment Promotion Authority invites feedback on the Consultation Memorandum. Written submissions are due by **Friday, 31 August 2017**.

Please provide your comments or submissions to ggLegislativeReview@ipa.gov.pg

The Investment Promotion Authority wishes to advise directors of companies and their agents that the **De-registration Exercise** and switch on of the **Automated Compliance Program (ACP)** have been delayed until further notice.

Due to constant system failures in 2017, which was beyond the IPA's control, the Office of the Registrar of Companies has experienced setbacks relating to record maintenance and the turnaround time of some of the services. This in particular has affected the processes in filing and processing of annual returns through the **Online Registry System** which in turn has affected the targeted dates for the above exercises.

Given the above circumstances, companies have an advantage of time to file their Returns.

We encourage companies to file their outstanding annual returns online as over 90% of annual returns filed online do not require review by IPA Registry Staff. Instead the records are updated immediately and the system automatically updates the status of the company from non-compliant to compliant. Filing paper Form 22 processes are much slower and can be burdensome for the filer and for the IPA Registry Staff.

Please also note that filing annual returns online will allow the system to effectively monitor your filings in future and alert you whenever your annual return is due. This can in turn reduce the cost of annual return filing in future. For instance, you will be able to file your annual return on time without worrying about the late penalty fees.

UP-coming Events | IPA CALENDAR OF EVENTS

July	:	APEC Business Advisory Council Meeting # 3
August	:	IPA Provincial Outreach
September	:	IPA Board quarterly meeting #3
October	:	Regulator's Summit
November 12th – 13th	:	Concluding Senior Officials Meeting (CSOM)
November 12th – 18th	:	Economic Leaders week
November	:	APEC Leaders Summit
December	:	PNG Mining Conference IPA Quarterly Board Meeting #4

LET'S HEAR IT!

MOSIN

PNG'S OWN PREMIUM BEER WINS 6 MEDALS IN GERMANY & NAMED

"BEST BREWERY OF THE YEAR" 2ND BERLIN INTERNATIONAL BEER COMPETITION 2018



MOSIN PREMIUM BEER
* PILSNER



MOSIN PREMIUM BEER
* CLASSIC LAGER



MOSIN PREMIUM BEER
* STOUT | * GOLD LAGER | * NEW GUINEA IPA
* CLASSIC STRONG LAGER

The Second Annual Berlin International Beer Competition featured 100+ beers from 12 different countries around the world which saw a diversity of the beers and ciders being submitted. The Mosin range of premium beers that won medals include the Classic Lager which won Gold, Pilsner which won silver, and four (4) bronze to Gold Lager, Stout, New Guinea IPA and Classic Strong Lager. To top it off Mosin was named "Best Brewery of the Year."



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STAKEHOLDERS MAKE STAND ON COUNTERFEIT PRODUCTS

Relevant government agencies have taken a stand on the issue of selling factory made bilums in the shops by non Papua New Guineans.

The agencies included the Investment Promotion Authority (IPA), PNG Customs, Independent Consumer and Competition Commission (ICCC), Department of Trade, Commerce and Industry, PNG Censorship Board and SME Corporation. Other agencies such as the National Cultural Commission, Prime Minister's Department and the National Museum and Art Gallery were not available for the meeting.

Representatives from the organisations discussed the various jurisdictions they administer and how the counterfeit issue cross cuts with their line of responsibilities. They also discussed on the sensitivity of the matter and how the public needs to be educated for them to understand the position of different laws available and their powers and limitations to prosecute perpetrators.

The meeting was initiated by PNG Customs after a public outcry on social media seeking attention from appropriate government agencies regarding the production of factory made bilums.

The committee had to put on the table the different laws they administer and how they could use them to resolve the matter. They agreed on certain key activities which are currently being undertaken before an official response is released.

REVIEWS UNDERWAY ON THE ASSOCIATIONS ACT 1966

The Investment Promotion Authority (IPA) through the Office of the Registrar of Companies is currently reviewing the Associations Incorporation Act 1966.

This piece of legislation regulates the registration and operations of non profit organizations and accommodates the registration of political parties as an entity with the Office of the registrar of companies.

In announcing the review, IPA Acting Managing Director Mr. Clarence Hoot made a call out to stakeholders and the general public to give feedback on the proposed changes by way of engaging with the Authority through the planned consultation exercises.

"Over the years, the IPA has undertaken a move to update its legislations to suit the modern corporate trend," said Mr. Hoot. "This saw the updating of the Business Names Act and Companies Act in 2014." "We are now in the process of updating the Associations Incorporation Act since it has not been updated since its passage in 1966," he said.

Mr. Hoot highlighted that the intention was to improve the way government, businesses and individuals deal with non-profit entities.

"The proposed changes are intended to address issues that have been identified as problematic for local associations and also bring the Act into compliance with international anti-money laundering (AML) mandates which would eventually bring a higher level of transparency and accountability to this type of entity," he said.

The first stakeholder awareness is set for Wednesday 11th July 2018 at the Stanley Hotel, to be followed by a series of awareness programs in Lae, Kokopo and Goroka.

The review is being undertaken with technical assistance from the Asian Development Bank under its Pacific Private Sector Development Initiative (PSDI).

The Consultative Memorandum can be downloaded from the homepage of the IPA's website www.ipa.gov.pg.

All queries and comments can be forwarded to the Consultation Team on email: g-LegislativeReview@ipa.gov.pg

OPPORTUNITY KNOCKS

Business Partnerships Platform – an opportunity for PNG businesses

The Business Partnerships Platform (BPP) forms part of the Australian Government's aid program. The platform aims to accelerate Australia's collaboration with businesses to address development challenges in the region.

Through the BPP, the Australian Department of Foreign Affairs and Trade (DFAT) partners with over 40 organizations to deliver shared value initiatives across Asia, Africa and the Pacific.

Shared value is defined as policies and practices that enhance the competitiveness of companies while improving social and environmental conditions in the regions where they operate.

Who can apply?

Organizations applying for the BPP must be undertaking or looking to undertake an initiative of a commercial nature in an eligible sector and country identified by DFAT during BPP funding rounds. Eligible

organizations include businesses, investors, social enterprises, NGOs, cooperatives, universities or other types of organizations or consortiums. Applicants are not required to come from any specific country and they do not have to be from or be based in Australia to be eligible.

Key selection criteria

All BPP applications must align to five (5) core elements:

Partnership – BPP partnerships demonstrate mutual sharing of objectives, priorities and capabilities and a clear vision for how DFAT's involvement and financial investment can deliver greater results than could otherwise be achieved BPP partnerships are grounded in the five key principles of diversity, equity, openness, mutual benefit and courage.

Gender Equality – BPP initiatives impact gender equality positively by promoting women's economic empowerment enhanc-

ing women's voice in decision-making, leadership and peace-building and/or ending violence against women and girls.

Social Impact – BPP initiatives use a shared value approach to create positive social impact via:

1. Reconciving products and/or markets by broadening access to low-income consumers to goods and services that improve their lives.
2. Redefining productivity in the value chain by developing initiatives to increase income, productivity, employment opportunities and/or welfare of people in the supply chain.
3. Enabling local cluster development involving local institutions, suppliers, downstream actors, communities, associations and local governments to stimulate a positive business environment.

Commercial Viability – The BPP considers the commercial viability and sustainability of an initiative. BPP initiatives demonstrate how including share value practices will lead to improved sustainable growth, viability, competitive advantage and profitability.

Value for money – BPP initiatives demonstrate a good balance between cost and outcomes (value-for-money) by:

Leverage – Attracting additional investment from partners through real and measurable contributions.

Additionality – Using DFAT's resources to generate measurable development impact through BPP partnerships which would not have otherwise occurred.

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QUESTION TIME

Business Name

Question:

Do I need to lodge an Annual Return for my Business Name?

Answer:

A Business Name is not required to submit an Annual Return unlike a Company. However, a Business Name expires every year and the owner needs to apply for the renewal of the name each year. This is the compliance requirement of a Business Name.

The owner has an option to renew the business name, otherwise it expires and can become available to the public two (2) months after the expiry date.

Previously a Business Name expired every three (3) years.

Do you have a general question about the regulatory side of running a business or have a query on investment promotion, Intellectual Property rights or wish to know more on Securities? If so, email your question to: click

beverlyp@ipa.gov.pg

We will publish a selection of questions and our answers in each issue of Opportunity.

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