

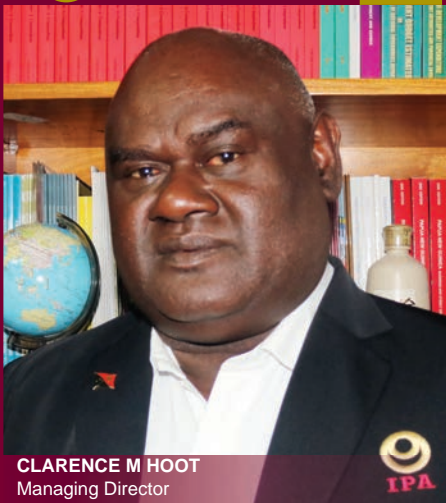


ppportunity

Issue 1 - January 2019

Business News, reviews and overviews from the IPA

MD's INBOX



CLARENCE M HOOT
Managing Director

Dear readers,

Firstly let me apologise for the delay in circulating this newsletter. As is sometimes the case, it was a slow start to the year but nevertheless, we have got our foot off the ground and here we are back on track.

Secondly, let me welcome you all to 2019. We have a long year ahead of us and from where I sit, I already see challenges and also opportunities that will require us constantly in communication in order for us to work together to achieve the best for our businesses and investors.

As we move forward into the year, let's take a quick look back at 2018 which was both challenging yet productive here at the Investment Promotion Authority (IPA).

Recounting our successes and achievements in 2018, this year will bring its own challenges but we at the IPA are committed

to take up the challenges to conquer 2019 as we did in 2018.

Last year we witnessed the launching of IPA's 2018-2020 Strategic Plan, its 2017 annual report and two other milestone publications including the Business Licensing Information Service booklet and the guide book on Export and Import Procedures and Export Development Assistance.

Major work Programs for IPA as stipulated in the 2018-2020 Strategic Plan amongst others include:

- Restructure of the IPA
- Restructure of the Securities Commission
- Staff Medical and Insurance Policy
- Review of the Investment Policy and Investment Promotion Act
- Complete the Review of the Associations Act
- Approval of the National Intellectual Property Plan
- Accession to the Berne and Madrid Conventions

We at the IPA thank you for your partnership in 2018 and solicit your continued support and cooperation for us to again successfully venture into 2019 so we deliver on our goals for our stakeholders.

We look forward to your continued support in 2019 and happy reading.

Thank you.

Clarence M. Hoot
Managing Director

- Find your company name and click on it to take you to [view company](#) details.
- Click on [Request Authority](#) and fill details and [submit](#).

The Registrar will grant authority where applicable.

3. **Lastly but not the least**, once the Registrar grants authority, the name of your company will show on your dashboard under [my item](#) for you to maintain. You can click on the name which should take you to [view company details](#). Then go to [maintain company](#) and click on [file annual return](#).

IN THE NEWS

DOING BUSINESS OUT-LOOK FOR PNG IN 2019

PNG's rating in the 2019 Ease of Doing Business Report has improved to 108 from 109 due to reforms in the areas of starting a business, paying taxes, getting credit and getting electricity compared to 190 other countries.

Starting a business, getting credit, dealing with construction permits, getting electricity, registering property, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and labor market regulation are eleven (11) areas in the life cycle of a business.

According to the World Bank Doing Business Report for 2019, the improved scoring are all largely due to reforms undertaken on online business registry and legislative amendments to business regulations, streamlined tax regime, Personal Property Security Registry (PPSR) and streamlining energy sector by allowing independent power producers (IPPs) to supply increased electricity coverage to consumers.

The Investment Promotion Authority (IPA) deployed and launched Online Registry System (ORS) in 2013 for online business lodgment and amendments to Companies Act and Business Names Act in 2015 and there is proof that online lodgment is more

Tips & Traps

How to go about filing your Annual Return online as a registered Company

You can do this by doing the following;

1. **First you must register your user account.**
Go to www.ipa.gov.pg click on [Do it online](#), then go to tools and click on [register account](#).
You will have your own dashboard

to work from.

After registering your user account, you must then for [request authority](#) online to take authority or control over your existing registered company online by following the steps shown in the second step.

2. **Logon to your user account or dashboard.**
 - Click on [do it online](#).
 - Go to [Companies Registry](#) and click on [Search for a Company](#).
 - Type your company name or registration number on [entity search](#).

Continue on to next page.....



convenient and faster to register business in just one day.

The report also indicates that the improvement in **Getting Credit** indicator was the result of the enactment of the Personal Property Security Act (2011) and the launch of the Personal Property Security Registry (PPSR) that hosted the IPA online facility in May 2016.

This reform has created avenues for SMEs to register their movable properties and encourages the commercial banks to lend in a secured lending environment.

The report further revealed that there was also improved ranking to Paying Taxes and Getting Electricity that contributed to the overall improvement for PNG on Ease of Doing Business (EoDB) 2019 given the recent taxation reforms and implementation of electrical grid policies respectively.

However the areas need that more attention and reform to improve our ranking on global EoDB scale include, resolving insolvency, enforcing contracts amongst others. The illustration indicates that despite making some progress in policy and regulatory space, PNG still remains below the regional average within the East Asia and the Pacific region.

By regional standard, PNG scored below the regional average with very low recovery rate and takes up to three years or more. The cost of administering insolvency is very high.

For **enforcing contracts**, it requires legislation and institutional arrangement to cater for arbitration process. Current survey and assessment reveals that PNG is yet to accede to New York Convention on Arbitration.

It is understood that PNG is currently developing its Arbitration Legislation and once implemented, this will improve its ranking and push PNG further up on the doing business scale.

The rules and laws that protect minority **investors** are measured in terms of strength and transparency of the protection accorded, extend of conflict of interest regulation and extend of shareholder governance index. With recent reorganization and amendment to enabling legislation administered by Securities Commission of PNG, there will be positive improvement in the ranking once it is reported.

In terms of **registering property**, it measures the steps, time and cost involved in registering property. This is closely associated with land administration and property (house) on the land which is transferable.

The Doing Business survey shows that quality of land administration is very low by regional and global best practice standards. There are more time delays and high cost for each procedure.

Reforms on **trading across borders** indicator measures a number of documents, time it take to facilitate imports/exports, and the cost.

The study outlined number of reforms that PNG should implement to score a better rating especially on single window concept. Single window concept will allow for electronic filing and address issues of time delays and high cost of shipping.

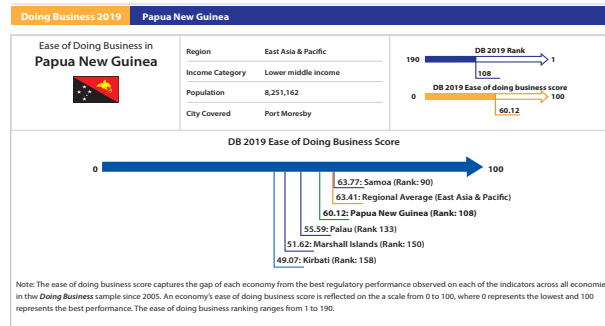
Dealing with **Construction Permits** indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. Doing Business survey results show that PNG scored very low on quality control index and has too many procedures and takes up to 217 days to complete all procedures.

IPA is planning to host Regulators Summit in 2019. The intention of this proposed summit is to bring together all regulatory

agencies to discuss and map out issues of doing business and provide policy recommendations for reforms. Meanwhile according to the latest World Bank annual ratings, Papua New Guinea is currently ranked 108 among 190 economies in the ease of doing business. The rank of Papua New Guinea improved to 108 in 2019 from 109 in 2018. Ease of Doing Business in Papua New Guinea averaged 111.45 from 2008 until 2018, reaching an all time high of 141 in 2014 and a record low of 95 in 2008. (<https://tradingeconomics.com/papua-new-guinea/ease-of-doing-business>)

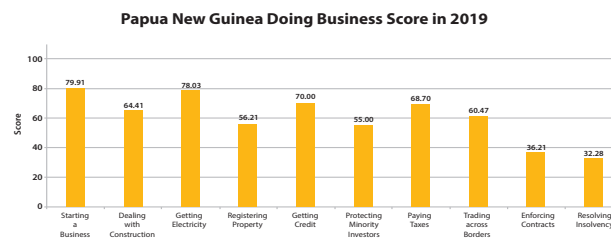
The illustration below indicates that despite making some progress in policy and regulatory space, PNG still remains below the regional average within East Asia and the Pacific region.

PNG's performance on Ease of Doing Business



Source: World Bank Doing Business Report 2019

In examining specific areas where PNG made good improvements in 2019, the graph below shows that starting a business, getting electricity and getting credit scored seventy (70) points and above on the score as compared to previous years. Paying taxes, dealing with construction permits and trading across borders have seen slight improvement when reporting on some of their policy initiatives and regulatory reforms last year.



Source: World Bank Doing Business Report 2019

To allow useful comparison, it also provides data for other selected economies (comparator economies) for each indicator. The data in this report are current as of May 2018. Here we can compare PNG's performance with smaller Pacific Island countries where Vanuatu and Solomon Islands have been included in the Doing Business survey lately. The table below shows how far PNG has improved on its performance against other top five (5) countries in the Pacific region on Ease of Doing Business over the last three (3) years.

2017		2018		2019	
Country	Rank	Country	Rank	Country	Rank
Tonga	85	Samoa	87	Samoa	90
Samoa	89	Tonga	89	Tonga	91
Fiji	97	Fiji	101	Vanuatu	94
Papua New Guinea	119	Papua New Guinea	109	Fiji	101
Palau	136	Palau	130	Papua New Guinea	108

Source: World Bank Doing Business Report 2019

IPA Officers attend Inclusive Business Leaders Conference in Manila

After successfully hosting the 2018 APEC Leaders meet in Port Moresby, Papua New Guinea Investment Experts' Group (IEG) is now exploring regional cooperation with investment promotion agencies from other member economies.

One of these includes officers from the Investment Promotion Authority attending the Inclusive Business Leaders Conference in Manila, Philippines which was hosted late last year.

The Inclusive Business Leaders Conference was locally organized as an APEC event by Philippines and invited participants from APEC economies to attend. The formal announcement for this program was made by Philippines' delegates during the APEC IEG Meeting in Port Moresby on the margins of the Third Senior Officials Meeting (SOM3) in August 2018.

The program was attended by PNG's Investment Promotion Authority (IPA's) Acting Manager- Investment Promotion Unit, Kamis Yalakun and Senior Investment Aftercare Officer, Dorothy Mokoko.

Mr Yalakun said PNG attended this program on the back of hosting an APEC funded Workshop on Sustainable and Inclusive Investment Policies within the APEC Region during SOM 3, 2018 to network with re-

gional investment promotion agencies and explore possible areas of regional cooperation in promoting sustainable and inclusive investment and how PNG can benefit from cross border investment flows.

Inclusive Business Leaders Conference provided the opportunity for PNG to hear from both government and private sector stakeholders on what they are doing in driving Inclusive Business through different programs and models. "Inclusive business has been an APEC deliverable for Philippines during their APEC host year in 2015," said Mr Yalakun.

He said PNG share almost similar economic challenges of creating inclusive economic growth for majority of our rural population in other provinces and districts and that some of the main takeaways from the Conference include;

- Inclusion being a critical action, not just a feature of doing business thus economic inclusion means putting priority on creating business opportunities for the rural and urban poor via sincere partnerships to push for meaningful reforms like having the appropriate intervention programs and models, reliable data systems for planning and capacity building programs to achieve the desired outcome.

Member economies agreed that inclusive Business model approaches has to be incorporated with Government's development priorities to enable economic and social progress creating shared values to bridge the gaps between corporate companies, MSMEs, and government agencies. Governments have an important role in facilitating and fostering public private partnerships for effective collaboration and engagement of the private sector with the communities.

The rural and isolated communities are vulnerable to economic marginalization by corporate investments and that marginalized groups are affected by lack of management skills, lack of access to markets and lack of access to money (startup capital), hence, Marginalization lacks 3 Ms – management, market and money.

Mr Yalakun said during the conference, PNG participants had the opportunity to meet with the Philippines Board of Investments (BOI) Aftercare Services team to gather insight into how they operate. The BOI One Window Network (BOI OWN) uses a cloud based web portal and mobile application system that tracks and monitors the real-time status of the investors' queries and concerns. This makes investment facilitation aftercare work program easier in real time.



Intellectual Property in Papua New Guinea

Papua New Guineans have been creative for a long time. Even before the country was exposed to western influence, people were already making tools, carvings, designs, and creating various forms of traditional art.

With the introduction of modern technology, these tools and creations have been further developed to make life easier for users. The transition from the traditional stage to its modernized version has involved innovation and creativity during the process. This process demonstrates the evolution of Intellectual Property (IP) in the society.

In order to promote and encourage the level of intellectual activity, the Government has put in place intellectual property laws to safeguard the rights of creators and authors. The Intellectual Property Office of

PNG is the mandated office that administers IP laws in the country, including Patent & Industrial Designs law, Trade Marks law and Copyright law. The Trademark law provides protection for trademarks, which include logos, signs and brand names. Patent and Industrial Design Act provides protection for inventions, and the Copyright law protects the rights over literary and artistic works.

So what is Intellectual Property and how does it impact on the economy?

Intellectual Property refers to creations of the mind. This includes inventions, designs, literary and artistic works, and symbols, names, and images used in commerce. Intellectual property rights are like any

other property rights- they allow the creator, or owner, of a patent, industrial design, trademark, or copyright to benefit from his or her own work or investment.

There are very good reasons in promoting and protecting intellectual property.

Firstly, the progress and wellbeing of a society depends on its ability or capacity for new creations in the areas of technology and culture.

Secondly, the legal protection of these new creations encourages utilization of resources which leads to further innovation.

Thirdly, the promotion and protection of intellectual property spurs economic growth, creates new jobs and industries, and enhances the quality and enjoyment of life.



Business Licensing Information Service (BLIS) ON SALE



The Investment Promotion Authority wishes to advise its clients and public on the sale of the Business License Information Service (BLIS) booklet.

The **BLIS** contains a One-Stop-Shop Business Licensing Information comprising various legislative requirements of doing business in Papua New Guinea and the necessary processes or guidelines to obtain the licenses from statutory license issuing agencies. The **BLIS** contains the following information:

- CONTACT DETAILS OF OFFICERS (S), DIVISION & AGENCIES WHICH ADMINISTERS EACH LICENSE.
- LICENSE APPLICATION FORM WHERE POSSIBLE.
- APPLICABLE LEGISLATIONS AND PROVISIONS.
- DETAILS OF LICENSE, FEES, DETAILS OF RENEWALS AND TRANSFER.
- TYPE OF BUSINESS THE LICENSE MAY APPLY.
- PLUS OTHER NECESSARY INFORMATION REQUIRED TO ACCOMPANYING THE APPLICATION FOR BUSINESS LICENSE.

BLIS booklet provides one-stop shop business licensing information and helps you to understand various legislative requirements for compliance purposes.

For more information regarding a purchase of a BLIS booklet, please contact: Jeffrey Hete, Business Information Officer on [+675 321 7311/3900/534](tel:+67532173113900534) or Michael George, Manager Research & Information on [+675 321 4509](tel:+6753214509) or email them on jhete@ipa.gov.pg or mgeorge@ipa.gov.pg respectively.

The booklet is on sale for **K200** only and a copy can be purchased at the Investment Promotion Authority office, 1st floor, **IPA Haus**, Munidubu Street (Corner of Lawes Road & Champion Parade) Konedobu, Port Moresby.

Milne Bay SME

Milne Bay Merchandise and Service, a local company based in Milne Bay Province is thriving to become a reputable company specialized in selling and manufacturing arts and crafts in Milne Bay Province and around the country.

The company has been operating since February, 2018 and was registered with the Investment Promotion Authority on the 8th of August, 2018.

Owner of the company, Julia Kusunan said with the company's plans to widen its marketing network, the move to expand into the export level is also part of the plan.

Mrs Kusunan said Milne Bay Merchandise and Service's focus is to improve the lives of people living in the remote areas of the Province.

She said Milne Bay Merchandise and Service buy raw materials from local villagers and add value to them by engaging artisans to handcraft quality products like earrings and bracelets.

"I pay for the products that come all the way

from the village level," said Mrs Kusunan.

"I was inspired to utilize available resources in the village to make beautiful products and sell to help improve peoples' lives in the village level. Much of our population is there with a lot of resources but despite the available resources we have, our people still live poor lives and beg from relatives that are employed in towns and cities," said Mrs Kusunan.

"With that scenario, my business aims to empower peoples' lives, improve and strengthen our economy. Right now our mission is to find a bigger and consistent market for village people's products so that the cash flow for them is consistent. Our vision is to use available resources to alleviate poverty, assist with sustainable projects for the people in the village and empower women, youths and communities," said Mrs Kusunan.

She said the company is also working in collaboration with 'Human Development Institute', 'K20 multiplication Challenge' and 'I am Change Foundation' to boost its growth.

"We encourage our artisans as much as possible to make quality products to meet the market demands. The business has achieved so much and that includes the engagement of youths in creating products like fridge magnets and earrings to sell and make a living in a better way".

"Our customers which include tourists, professionals (Working Class) and the general public are gradually increasing since we decided to improve our market," said Mrs Kusunan.

"The production of products involves no technology and all products are handmade. Products are made for both males and females".

"Milne Bay Merchandise and Service is making K300-K700 per month and I believe it will change the lives of people in the village, especially youths," she said.

Mrs Kusunan further reiterated that one of the challenges faced daily by the company is the cost of transportation in which it is currently working towards rectifying.



The project proponent is seeking a Joint Venture partner and/or foreign investor to participate in the development of an Agro-Forestry specifically Oil Palm Development Project.

Sector: Aquaculture
Location: Gadaisu - Milne Bay Province
Project size/Investment value: US\$30 million

Project Description:
The project proposal is for the development and establishment of an agro-based project preferably involving the established of a Palm Oil estate. Downstream logging operations is an investment option as a precursor to the Palm Oil development project.

The project site situated on 53,000 hectares of fertile agriculture land has been surveyed and awaiting land lease title to be issue by Department of Lands & Physical Planning. There is an additional 53,000 acres yet to be surveyed and granted a title. The land title will be issued under an Incorporated Land Group (ILG) given the customary ownership

of the land.

The project site is 110km west of the Central Province/Milne Bay Province border with reliable government infrastructure already established within the project vicinity. Preliminary reports including Environmental Reports, Forestry Reports and Feasibility Studies of the project have been completed.

The potential for future business expansion and/or diversification is an investment option given the availability of land.

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www.ipa.gov.pg

Annual Returns

Question:

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

Answer:

It is important to understand the difference between a Limited Company Name Act and a Business Name Act stipulated under Section 215 of the (Companies Act). 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.



www.ipopng.gov.pg



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