



Opportunity

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Business news, reviews and overviews from the IPA

MD's IN BOX



Ivan Pomaleu, OBE

So much has happened this year that come to think of it, we're now three months shy of winding down 2015.

The Government has either ticked off some of its major projects, the obvious one being the hosting of the 2015 Pacific Games, or is halfway into implementing several impact projects.

Whilst so, the economic growth seems to vary from sector to sector indicating results somewhat leaning towards an increased percentage in government investments.

PNG just celebrated its 40 years of independence and critics and think tanks formed their views on the achievements of the country over the last 40 years.

Whatever the perceptions, the struggles that this great nation has endured, the negativity that has been portrayed through

the media and the attitude of a certain percentage of people in this country have all soured higher than it seems.

Let's not look too far. The building of world class infrastructure in a span of two years, the hosting of a world class event, and the transformation of ordinary Papua New Guineans to provide an excellent hospitality for their fellow Pacific Islanders, all these warrant a plus in the country's achievement in the last 40 years.

In this issue, Opportunity features several developments in the last couple of months in terms of infrastructure, product development, policy advocacy and trade and investment issues.

We also bring to you insights on discussions within the APEC arena, especially their plans to improve economic activities for its member economies.

In this issue we do a brief overview of the 2015 Pacific Games in the Games Update section as we owe it you our readers. Check out the "Tips and Traps" section where we give you basic facts on a common misunderstanding by our clients - the features of the two entities - the Business Name and a Company.

We hope you enjoy this edition of the Opportunity and we look forward to seeing your feedback published in our next edition. Thank you and Happy Reading!!!

IN THE NEWS

IPA conducts MSG Market Analysis



The Investment Promotion Authority through the Investor Servicing and Promotion Division has done a market analysis on the trade and investment potentials within the MSG member countries and whether the Melanesian Spearhead Group Trade Agreement (MSGTA) arrangement was feasible for PNG to effectively participate in trade and investment in the MSG region.

The study was requested by the IPA Board following the MSG Trade Meeting and Trade Fair held in Port Moresby in November 2014. It involved the IPA team travelling to the MSG member countries and doing consultative meetings with trade and investment facilitating agencies and other relevant industry bodies and selected private sector organizations that normally trade or conduct business within the MSG member countries of PNG, Solomon Islands, Fiji and Vanuatu.

The study showed that the MSG market was an emerging market with many opportunities yet to be tapped into. It further revealed that trade within the region was dominated mostly by Fiji and Papua New Guinea, while investment was dominated by PNG. This means that more Fijian and PNG products are being traded within the region but more PNG companies are operating in the countries within the region.

Other findings included the preference by

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Tips & Traps

Comparison between a Business Name and a Company

Although the certificate of both entities Business Name and Company can be used to trade, a Business Name and a Company are two different entity types.

Business Names are registered under the Business Names Act as unincorporated entities.

While a business name may resemble the same outlook as that of a company, it is legally different to an incorporated company by law.

For instance, an entity registered as a business name is not a separate legal entity and thus cannot hold any property under its own name nor can it sue or be sued separately away from the owner. Under the current legislation, a business name becomes

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PUBLIC NOTICE

Deferral of New Fees

My office would like to advise our valued clients that there are two important issues which caused the non implementation of the new fees as previously announced.

Firstly, the new fees are part of a set of approved regulations which must be cleared by the First Legislative Council before gazettal by the Governor General. Secondly, the new forms need to undergo testing in a user's testing environment before they are used. Technical challenges with our external service provider overseas did not allow our generic forms to be tested, as we await the gazettal of the regulations. Until such time those two issues are adequately addressed to our complete satisfaction, the new fees as previously announced will not be implemented.

Accordingly there has been a further deferral on the new fees until further notice. The current fees will continue to apply until such time the issues described above are fully resolved. This public notice supersedes all past notices, and specific advices provided at our Port Moresby, Lae, Mt. Hagen, Kokopo or Buka Offices, on this subject matter.

We sincerely apologize for the inconveniences caused to our valued clients, and appreciate your full understanding at this time.

Thank you

IVAN POMALEU, OBE
Managing Director

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renewable after one year.

Another important feature of a Business Name is the fact that Business Names can only carry out one type of Business Activity whereas a company can have unlimited business activities.

Many business owners and entrepreneurs today commonly use a company structure for their business operations. A company is a legal entity separate from the owners, who are called shareholders. The significance of this separation is that in most cases, shareholders cannot be personally liable for the debts of the company. If the company fails, generally the only liability of the shareholder is the amount they have invested in the company to purchase their shares. This type of liability is called 'limited liability'. This is why a company name always has 'limited' or 'Ltd' at the end of its name.

As a legal entity a company can do many of the same things as a person- such as own property, enter contracts, sue, and be sued.

A Company is required to submit Annual Returns every year unlike other entity types including Business Names.

 INTERNAL REVENUE COMMISSION 

NOTICE TO ALL TAXPAYERS

CERTIFICATE OF COMPLIANCE

With the continued implementation of the IRC's new computer system, the IRC has been offering streamlined processing of Certificates of Compliance (CoC). This included short term streamlined issuing of CoCs with validity dates ending on the 31st July 2015.

Due to this impending deadline and the high number of expiring CoCs, the IRC is undertaking the following measures to avert delays that may arise during the transitional period with the likely surge that the demand for new CoCs will impose on the capacity of the IRC.

These measures depending on your status as listed below are to take effect on the 27th of July 2015.

If you are holding a CoC that is to expire on 31st July 2015 see below.

- The IRC will be dealing with your CoC application on a staggered basis so as to avoid the confusion and rush that is expected when all current CoCs expire on the 31st July 2015. We will be processing these applications on the basis of the sequential order of the TIN numbers over the next 5 weeks starting on the 27th July 2015. Please adhere to the following for the smooth and speedy processing of CoCs for everyone:
 - o 27th July 2015 to 31st July 2015 - TIN 500000001 to TIN 500072000.
 - o 03rd August 2015 to 07th August 2015 - TIN 500072001 to TIN 500144000.
 - o 10th August 2015 to 14th August 2015 - TIN 500144001 to TIN 500216000
 - o 17th August 2015 to 21st August 2015 - TIN 500216001 to TIN 500288000.
 - o 24th August 2015 to 28th August 2015 - TIN 500288001 to TIN 500360000.
- Where you do not attend for the renewal application during your allocated period, you will need to wait until after the 28th August 2015 to apply for a new CoC. Where you do apply prior to your allocated period, the IRC will still process your application on the dates allocated for your TIN range. To avoid inconvenience, please take care to observe above dates.
- On the basis of above your current CoC will be treated as being valid only up to and including the time allocated for your TIN range specified above. Otherwise all CoCs with Validity Dates ending on the 31st July 2015 expire on the 28th August 2015.

Please retain a copy of this notice and present it to your debtors and suppliers where they have doubts.

If you are a brand new business (registered with both IPA and IRC in June and July of 2015) or are applying during the transitional period:

- Apply for and obtain a TIN number which can be done at the IRC Headquarters in Port Moresby or at any IRC office in the country by using the TIN application form available on www.irc.gov.pg, and lodging same at those sites or by sending a scanned image of completed the application form to registrations@irc.gov.pg if using e-mail.
- Once a TIN is allocated you can apply for a CoC at the above sites by using the new Certificate of Compliance application form also available from www.irc.gov.pg and where you using the e-mail by sending a scanned image of the completed form to compliancecertificate@irc.gov.pg. Your TIN Certificate can also be used to initiate the CoC application process.
- The officer will validate your IRC and IPA registrations and provide you with a CoC that will expire on the Validity Date showing on the Certificate.
- The IRC expects to be able to issue a CoC at our counters subject only to taxpayers having a 100% level of compliance with their tax obligations.
- No 'exemption letter' or 'exclusion letter' or any form of Notice shall be provided to anyone requesting same.
- It is important to note that a CoC serves no other purpose than to authorize a NIL deduction for Business Payment tax. It has no effect on other withholding obligations including Salary and Wages Tax.
- Other important matters to note about the use of a CoC are detailed on the Public Notice accompanying the issued Certificate.

IRC CONTACT DETAILS

For further information on any of these reforms, please contact the IRC:

- Via telephone at 322 66560/6565
- Via e-mail at compliancecertificate@irc.gov.pg
- Or visit your nearest IRC office

Authorised by Betty Palaso, OBE
Commissioner General - Internal Revenue Commission

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most private sectors within the region to trade within the MSGTA agreement rather than other regional trade agreements like Pacific Island Countries Trade Agreement (PICTA) and South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA).

The study also found that trade within the MSG region has increased by 300 per cent over the last five years since the MSGTA II was last negotiated and agreed in 2009. Other findings of the study have been put together in a report for the IPA Board's further directives.

A desk top study was also done to verify facts and figures from various published documents including the information provided by the stakeholders in each of the MSG countries.

The specific focus of the report is an analysis of the key trade and investment indicators and factors affecting its implementation as well as an examination of the market viability, cost analysis and forecast economic turnover of PNG's participation in trade and investment within the MSG block.

More news stories next page 

What do the Changes to the Company Act mean?

The changes provide clearer guidelines on Directors' duties.

It also provides support for directors in cases where legitimate business decisions do not turn out as planned for the

company. There is also protection for shareholders from directors who act improperly and not in the best interest of the company.

Ministers State Next Steps Toward Inclusive Behind-the-Border Reform

Issued by the 2nd Structural Reform Ministerial Meeting

The 2nd Structural Reform Ministerial Meeting has endorsed a statement detailing actions to promote economic growth through structural reform.

The statement outlines the thematic framework that sets the direction toward removing barriers to, and identifying new sources of, growth, promoting innovation, raising pro-

ductivity, narrowing development gaps, and steering the world economy towards a path of greater shared prosperity consistent with the APEC 2015 theme, "Building Inclusive Economies, Building a Better World."

The statement endorses a work program that embodies the Renewed APEC Agenda for Structural Reform 2016-2020, which strives to stimulate balanced and sustainable growth and reduced inequality.

The structural reform initiatives are set around the agenda of inclusive growth, innovation, services and tools enabling structural reform.

The Ministers also recognized the contribution of an APEC initiative, the Ease of Doing Business, in addressing impediments to trade and commerce and endorsed a new plan to continue the work through to 2018.

APEC laying path to new era of asia-pacific integration

Issued by the APEC Committee on Trade and Investment

Trade officials from the 21 APEC members are accelerating efforts to strengthen the integration of Asia-Pacific economies needed to capitalize on 21st century market opportunities and drive a new generation of inclusive trade and growth across the region.

Facilitating trade-boosting measures that engage groups which have benefited less from globalization in the past, create jobs and promote sustainability were at the top of the agenda for officials and stakeholders convened in Cebu. The proceedings culminated with a key meeting of APEC Senior Officials

on 5-6 September to chart the next step under the theme *Building Inclusive Economies, Building a Better World*.

Focus was on free trade agreements and regional trade agreements, and the potential to incorporate emerging trade and investment issues, open sectors such as services that support small business participation in cross-border trade and supply chains, and promote the convergence of the region's growing 'spaghetti bowl' of agreements—APEC members currently account for 144 free trade agreements, more than half of the total globally.

IPA officers Conduct database survey and spot inspection exercises in madang



A database survey and spot inspection exercise conducted by the Investment Promotion Authority's Research and Information Unit in conjunction with the Madang Commerce Office has shown that there is a need by public servants at the provincial level to better understand the functional relations of state legislative bodies or business license issuing agencies.

The survey discovered that some businesses in the province were found to be operating on their Trading Licenses issued by the Local Level Government and not the IPA's registration certificate.

The survey also revealed that most businesses, depended heavily on agents to deal with all legal processes and requirements of certificates and licensing processes. However, agents themselves were not fully equipped with the necessary requirements to do business registration or licensing.

Before the IPA carried out the survey, a notice was published in the media alerting business houses in Madang of this survey and to have their necessary documents ready when the officers visited their offices.

However, some businesses could not produce the documents when the inspection team visited their premises resulting in their companies being penalised.

The team conducted spot inspections in Madang Town and those that were found to be operating without proper registrations were fined and company owners were asked

APEC moves to bridge Asia-Pacific Infrastructure Funding Gap

Investment promotion officials from the 21 APEC members have introduced a groundbreaking tool to help meet the Asia-Pacific's increasing need for infrastructure funding and build greater capacity for growth among the region's economies.

For the first time, investors can now refer to a single all-in-one guide for executing projects in APEC economies funded and operated in collaboration with the public sector—known as public-private partnerships or PPPs. The guide describes each of their PPP frameworks and process requirements, making it easier to set up joint infrastructure projects ranging from new highways, ports and airports, to improvements to power grids and telecommunications services. Focus areas include legal and regulatory structures; project structure and development; project support, financing and management; related policies; and ready-to-offer projects.

"There is a huge need for infrastructure development all around the Asia-Pacific but public financing has its limits," said Clarence Hoot, Co-Convenor of the APEC Investment Experts' Group which produced the guide and oversees APEC member collaboration within the sector. "Public-private partnerships are critical to filling the funding void for new infrastructure projects though moving them forward can be a real challenge."

"PPP policies are highly varied among Asia-Pacific economies," explained Hoot, who is also the Director of Investor Servicing and Promotion Division with Papua New Guinea's Investment Promotion Authority. "A lack of clarity about the parameters can deter investors and end up slowing or derailing projects. Transparent rules and regulations are keys to advancing viable PPP arrangements and something APEC members are working together to ensure."

Asia alone will require about USD8 trillion in investments through 2020 to meet the region's infrastructure needs, according to the Asian Development Bank. The return on investment is potentially significant for economies throughout the Pacific Rim—a ten percent increase in infrastructure provision

boosts long-term growth by one per cent, the World Bank reports.

"Private entities wishing to invest in PPP opportunities must know how the scheme works from the outset," said Rodrigo Monardes, who is also Co-Convenor of the APEC Investment Experts' Group and an official at Chile's General Directorate for International Trade and Economic Affairs. "Understanding the local set-up requirements and the challenges of implementation can mean the difference between project success or failure."

"There is a lot for a private partner candidate in a PPP project to grasp," Monardes noted. "An investor needs to be conscious of everything from the procurement process and legal and regulatory considerations, to the government institutions involved and their respective responsibilities, liabilities and support and dispute resolution mechanisms. Such information should be easily obtained and now within APEC, it can be."

The guide is an off-shoot of an APEC Multi-Year Plan on Infrastructure Development and Investment that is now underway and prioritizes the expansion of bankable PPP projects.

Finance Ministers from APEC member economies will review the initiative's progress and decide the next step when they meet in Cebu, the Philippines on 10-11 September.

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Finance Ministers from APEC member

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to fill out the appropriate penalty forms and IPA deposit slips for the penalty fees to be deposited.

The public in Madang were happy with this exercise and gave their support to the team.

There is ongoing dialogue between the Madang Provincial Government and the IPA for collaboration on the delivery of IPA services in the province.

A key factor in the MOU involves the establishment of an IPA Help-Desk at the Madang Provincial Administration to allow some of the key functions of IPA to be facilitated at the provincial level.

The IPA conducts provincial surveys with the primary aim to obtain economic data from the business community in the provinces, and also to ensure that companies comply with the various legislations administered by IPA as well as other government regulatory agencies.

Findings from the survey have been made with appropriate recommendations to the agencies concerned to address.

The team was lead by the IPA and consisted of officers from the Immigration and Citizenship Authority, PNG Royal Constabulary and the Madang Commerce Office, Madang Provincial Labour Office and the Madang Town Authority.

IN THE NEWS

Vegetable Ban issued

Papua New Guinea's Agriculture and Livestock Minister Honorable Tommy Tomscoll through the National Agriculture Quarantine & Inspection Authority (NAQIA) has put a ban on the importation of certain fruits and vegetables until such time a dialog and protocol are established with PNG and the exporting countries.

Fresh fruits and vegetables covered under the ban include Irish potatoes, bulb onions, round cabbage, carrot, tomato, capsicum pumpkin and peas. Also banned are zucchini, egg plant, Chinese cabbage, French bean, lettuce and celery.

According to NAQIA, PNG imports fresh

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economies will review the initiative's progress and decide the next step when

they meet in Cebu, the Philippines on 10-11 September.



There is another option in manufacturing garment and textile for those who are looking for this service, especially in clothes and shoes manufacturing and training.

The PNG Garment and Textile Training Centre is a production Unit of the Small Business Development Corporation (SBDC), a Government statutory organization. The organisation's aim is to promote small and medium enterprises and to enable indigenous Papua New Guineans to be self sufficient.

One of the ways the SBDC does this is by providing training in garment and textile in PNG for men, women & youths to become tailors and to enable them to compete in the open market within the industry.

Their production unit was derived from the Garment and Textile Training Program which has been in existence over the years at the Centre since 2002.

The production unit had to undergo a major make over in 2013, bringing its facilities and human resources to high standards and in preparedness to compete with the private sector in

the garment and textile industry. The rehabilitation project was undertaken under the government's self sustainable platform.

SBDC has now started marketing its centre for the purposes of making money and is accepting manufacturing requests for corporate uniforms, shoes or any garment designing or tailoring work.

The centre is one of the few production units owned by the government and boasts very highly qualified and experienced seamstresses, sophisticated industrial sewing machines and quality infrastructure.

Further information on the centre or if you have any designing and tailoring needs, please contact them on phone numbers (675) 323 4354 or (675) 323 581, (675)325 0121 or email pdpi-awu@sbdc.gov.pg.

Do you have a story you would like to share about your business in PNG? Email your story (maximum 300 words) and a good quality photo to; opportunityeditor@ipa.gov.pg

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fruits & Vegetables from only two countries and the ban is on these countries.

The ban comes at a time when PNG has been hit hard with the dry spells of El Nino.

In responding to this move, President of the PNG Chamber of Commerce and Industry Mr. John Leahy said it was of serious concern that the price of food will go up.

He said the country was facing drought conditions in some areas and the ban added to the concern.

"There is, of course, nothing stopping PNG entrepreneurs competing against imported vegetables," he said. "But we are painfully aware of the impediments that exist when PNG producers try to get their products to market."

The PNGCCI has mobilized its members, including the Chamber of Manufacturers to gauge their comments so as to provide a "balanced view" to the Government.

IN THE NEWS

Coffee Cupping competition 2015 a success

The annual coffee cupping competition organized by the Coffee Industry Corporation (CIC) is growing popular each year, this time bringing 101 coffee farmers from all over the country to Port Moresby.

The 101 farmers were group leaders of various corporative groups from different regions including 40 from the Arabica Coffee Growing Cooperative in the Highlands Region, 48 from the Arabica Coffee Growing Cooperative in the Coastal Region and 13 from the Robusta Coffee Growing Cooperative in the Coastal Region.

The CIC has been promoting the event with the aim of challenging farmers to improve the quality of their coffee. In opening the competition, Minister for Agriculture and Livestock Honorable Tommy Tomscoll challenged the farmers

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PACIFIC GAMES UPDATE



Games Overview

After two exciting weeks of games and fun, the 2015 Pacific Games ended on a high note with fireworks, music, grass skirts and a sample of the Pacific's rich diverse culture.

The Games were officially opened on July 5th by His Royal Highness the Duke of York Prince Andrew alongside the Prime Minister of PNG Peter O'Neill and the President of the Pacific Games Council Mr. Vidhya Lakhan in a spectacular fireworks and a display of Papua New Guinea's rich culture. The two weeks saw athletes from 24 different countries battling it in 28 different sports.

The name was changed from the usual "South Pacific Games" to "Pacific Games" to accommodate the two countries Australia and New Zealand who for the first time joined the other South Pacific countries to participate.

The Games ended with PNG topping the medal tally with 87 Gold, 70 Silver and 60 Bronze. New Caledonia came second with 60 Gold, 48 Silver and 56 Bronze. Tahiti followed with 39 Gold, 33 Silver and 40 Bronze. Fiji came fourth, followed by Samoa.

Picture below showing the Closing Ceremony at the Sir John Guise Stadium



In closing the event, Vidhya Lakhan, President of the Pacific Games Council described the Port Moresby 2015 Pacific Games an "outstanding Games that surpassed all expectations".

The visiting athletes all had a good time and they appreciated the friendliness and culture of the PNG people.

The Investment Promotion Authority was a partner in the Games and has supported the event from 2014 until after the Games were delivered.

Managing Director of IPA Mr. Ivan Pomaleu echoed the support of the Authority and said, "We believe that long after the last anthem is played, and the smoke of the final fireworks is gone, and the echo of the last drum beat fades into history, that the citizens of our great country both here and abroad will have grown a little taller and richer by the experience".

"We believe this once in a lifetime event will focus our nation for greater heights, and leave a lasting impression to our young people and older folks for generations to come, what it means to be a proud people in the Pacific." Mr. Pomaleu said.

PS – This is the last publication of this section. We will replace this section in the next issue.

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The CIC has been promoting the event with the aim of challenging farmers to improve the quality of their coffee. In opening the competition, Minister for Agriculture and Livestock Honorable Tommy Tomscoll challenged the farmers to be responsible in building the coffee industry.

"I encourage you to allow your children to plant their own coffee plantation," he said. "Give them land and not your coffee garden, because when you give them your land, you are encouraging them to be lazy and this will lead to the breakdown of the industry," he said.

Minister Tomscoll also announced during the event the plans of his Ministry to have the proposed Agriculture Adjustment Bill tabled in Parliament during the November sitting. The proposed Bill will allow for the creation of the National Producers Council.

He assured the farmers that his Ministry was looking at working with farmers and develop the sector in the district level. The Coffee Cupping Competition saw the Avina Coffee Cooperative of Kainantu in the Eastern Highlands Province walking away with the Green Golden Cup Grand Prize which was a Toyota Landcruiser. The second prize was the Consistent Cup Prize, consisting of K20, 000 and was awarded to Langimar Coffee Producers of Morobe Province. The third prize was the K15, 000 Aroma Cup Prize and was awarded to the Rainbow-Untoa Kosa of Eastern Highlands Province. The Flavoured Cup Prize of K10, 000 was co sponsored by the IPA and was awarded to the Rikarika Cooperative of the Eastern Highlands Province.

The fifth prize was the Clean Culture

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Blend Cup Prize of K5, 000 co sponsored by the National Development Bank and was presented to the Kubor Kosem Limited of Jiwaka.

The other five winners were presented K1, 500 each and included the Owan Coffee Cooperative Society, Timuza Coffee Cooperative, Kanite Kirapim Association, Alko Coffee Cooperative and the Four-Mile Umenifenu.

Akatne Cooperative walked away with

K5, 000 for the Robusta winner. All groups will be receiving payments in the form of agricultural products worth the prize amount except the consolation prizes.



respective groups to identify needs so that payments can be made to service providers rather than cash payments.

QUESTION TIME

Question: How can I get a copy of an extract or certificate?

Answer: The IPA counters no longer issue copies of extracts and certificates. To get an extract for Company/Business online simply visit our website www.ipa.gov.pg. Click on the 'Do it online' tab and a Pop down menu should give you options on what you intend to do.

The IPA Online Services should generate an email depending on your request for an extract or certificate, given that you provide a reliable working email address.

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: opportunityeditor@ipa.gov.pg

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

If your question is chosen for publication you will go into a draw for the chance to win a gift.

OPPORTUNITY KNOCKS

A hydroelectric project in Central Province is seeking debt facilities and equity participation from investors.

Naoro Brown Hydroelectric Project is located in Madilogo Village along the Naoro River and is a significant power generation project for PNG. The 80MW plant will increase generating capacity in the Port Moresby network by 75 % and will provide up to 30% of PNG Power's country-wide generation when commissioned. As such, the project can have a significant impact on not only supply reliability in Port Moresby and PNG Power's financial situation, but also the

cost of electricity in the whole of PNG.

The scheme includes a 12 kilometer tunnel which diverts water from the Naoro to the Brown river which gives a 58 meters gross head. The rated capacity of the station is 80MW and the Energy output is 560 GWH per year.

The project has been developed to a stage where the final feasibility has been completed with the decision to do additional drilling to confirm grouting.

For more information please contact;
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