

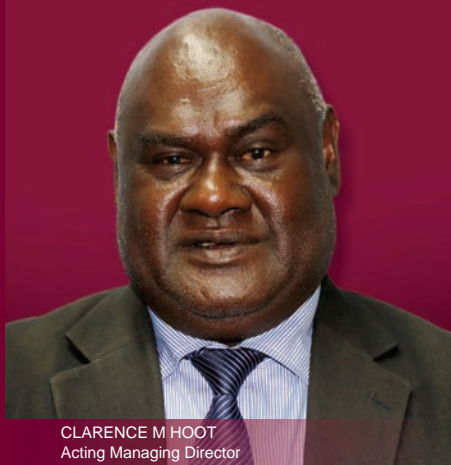


# Opportunity

Issue 4 - April 2018

Business News, reviews and overviews from the IPA

## MD's INBOX



CLARENCE M. HOOT  
Acting Managing Director

Dear readers and welcome to the fourth issue of the *Opportunity* newsletter.

In the month of April alone the IPA achieved a milestone in terms of its services and also facilitated a number of major international

road shows.

At the end of April the IPA brought its online registry service to cloud hosting. Read more about this important milestone in our front page article on IPA gone to cloud.

The IPA also organized the PNG Trade and Investment mission to UK. Read more about this on the inside story.

Work is progressing well on the operations matter and IPA, just like any other government agencies, is trying its best to implement its programs under strict financial guidelines.

We thank you always for your support and please continue to communicate with us through this platform for both regulatory and promotion enquiries.

Thank you and happy reading!!!

**Clarence M. Hoot**  
Acting Managing Director

## IN THE NEWS

### IPA registry system gone to cloud

The Investment Promotion Authority (IPA) has moved its online registry system from its in house servers to the internet-based "cloud" storage. The move is part of IPA's endeavor to bring quality and efficient services to its clients. And cloud hosting of the registry means its information will be safely stored on multiple, remote, online servers leading to an improved reliability of the overall system.

The IPA registry services went online in 2013 and the transition to cloud is in line with the system's schedule for its hardware and software upgrade. This means that the catalyst system has now been upgraded to a newer version.

The cloud transition also allows stakeholders of the registry system to get the benefits of the most up-to-date IT Infrastructure used at world class data centres.

The online registry system has attracted an improved rating in Papua New Guinea's ease of doing business report in 2017 and further scored the IPA the 2017 Integrity Initiative of Excellence Award.

"The IPA wants to ensure the best available registry services are provided to the PNG public," said the IPA Acting Managing Director Mr. Clarence Hoot. "Moving our business registry to the cloud is an important step which ensures system outages are minimized and business information is always available," he said.

Mr. Hoot added that the move will be followed by the roll out of more additional features to the system to further enhance its capabilities. Technical assistance to transfer the registry is being 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.

"In PNG's APEC year, the Government of Australia wants to help PNG let the world know that it is open for business," said Chakriya Bowman, Counselor, Economic Governance with

More news stories next page.....



## Tips & Traps

Before coming to the IPA to register an entity, it is important to understand the suitable business or entity type that suits your business idea.

Given that company is a common entity type, people have the tendency to register a company to perform any business activity. Although it is still alright, it is important to understand the other entity types available that people can utilize when trying to do business.

There are four (4) entity types that are registered at the IPA. They are;

1. Business Names
2. Company
3. Business Group
4. Association

A **Business Name** allows the business to carry out only one type of business activity. For example, if a person registers a hire car business then the name is specifically for the hire car business. That person can't use the same Name to run a trade store. They will need to register a separate Business Name to operate a trade store. By law Business Names expire after a year but can be renewed. It costs K200

to register a Business Name manually or K150 if you do it online.

A **Company** on the other hand can do more than one type of business activity. A company needs to have a director or directors and a shareholder or shareholders as a primary prerequisite. A director runs the day to day operations of the company and the shareholder is the owner of the company. Every year, a company is required by law to lodge annual returns or runs the risk of being deregistered. It costs K600 to register a company or K450 if you do it online.

A **Business Group** is usually rural based and can consist of many members from the same family, clan or tribe. This entity type is only allowed for Papua New Guineans. A Business Group is required by law to lodge a statement of assets and liability every year or runs the risk of being deregistered. The registration fee is K100.

An **Association** is a non for profit organisation and must NOT carry out business. It is registered for the purpose of achieving a common goal as agreed by the members in the association's constitution. However, the association can register a Business Name or company which will make money to fund the operations of the Association.

Australia's Department of Foreign Affairs and Trade. "We are pleased that PNG is delivering real benefits to business through the use of technology."

"Australia's support has made possible an ambitious assistance package to the IPA, which PSDI will continue to provide over the year to come," said Matthew Hodge, Senior Country Specialist with ADB. "We look forward to working with the IPA on a number of reforms, including investment and policy and regulation of business types."

PNG's business registry can be accessed via [www.ipa.gov.pg](http://www.ipa.gov.pg)

Previously the system was hosted within the IPA's servers.



IPA Acting MD addressing the media on the registry's successful transition to cloud.

## IN THE NEWS

The Investment Promotion Authority was part of the Prime Minister's envoy that went to London on a trade and investment mission.

Given the aim of the mission, the IPA played a key role in organising the private sector companies and government agencies that participated in the mission.

The PNG team presented an economic & political overview of the country as well as an insight on investment in the petroleum, energy and mining sectors.

The event was aimed at marketing PNG's key opportunities in business and investments especially in the areas of finance, extractive

## IPA participates in the London trade and investment mission

industries, energy and infrastructure. The team also highlighted the opportunities in the agriculture and tourism sectors.



IPA Acting Managing Director Mr. Clarence Hoot pose for a photo shot with the RT Honorable Prime Minister, Peter O'Neill and Minister for Foreign Affairs and Trade, Honorable Rimbink Pato.

The highlights of the forum included the Prime Minister's keynote address and the closing of the forum by His Royal Highness, the Duke of York KG, Prince Andrew.

Outcomes of the mission included discussions on strengthening trade and investment relations between the two countries and the establishment of an Annual Commonwealth Dialogue.

The UK party expressed their interest for a possible reciprocal trade and investment visit by UK businesses to PNG later during the year.

## IPA co-hosts the 34th Australia PNG Business Council trade expo

The Investment Promotion Authority was again the co-sponsor of the 2018 Australia PNG Business Council trade expo in Brisbane, Australia.

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.



IPA booth displays during the APNGBC forum.

Whilst the event is organized by the Australia PNG Business Council, the trade component is normally co-sponsored by the Investment Promotion Authority and the Australian Trade Commission.

The theme for this year's event was *"Achievements and Opportunities."*

The IPA uses the event to market PNG products and at the same time meet businesses from Australia who might have an interest to invest in PNG. It was yet again another success as some of the queries received are being translated into potential business ventures for the local SMEs and economic issues.

Whilst the event is organized by the Australia PNG Business Council, the trade component is normally co-sponsored by the Investment Promotion Authority and the Australian Trade Commission.

The theme for this year's event was *"Achievements and Opportunities."*



IPA Acting Managing Director Mr. Clarence Hoot giving his remarks during the opening of the trade expo.

## APEC consists of PNG's big trading partners and the world's big names in trade

Papua New Guinea being part of the Asia Pacific Economic Cooperation (APEC) puts the country in an arena where major trading partners and bigger economies are talking about trade and investment issues. It is also within the APEC region that a lot of trade takes place. Statistics from APEC in Charts shows almost 70 per cent of APEC exports and imports were intra-regional.

The illustration of the above statements is shown in the graph below which shows the top 10 exporters from APEC to the world by value in 2016.

Figures in the graphs show that China, United States and Japan were the top 3 intra-regional exporters while United States, China and Hong Kong were the top regional importers. PNG's trade and investment statistics also places these economies among the top 10 trading partners.

So what does that mean for the country in terms of value of participation in this grouping?

It means that we are in the right place and we know first hand on where the interests are, what the issues are and most importantly, learn from bigger economies on how we can

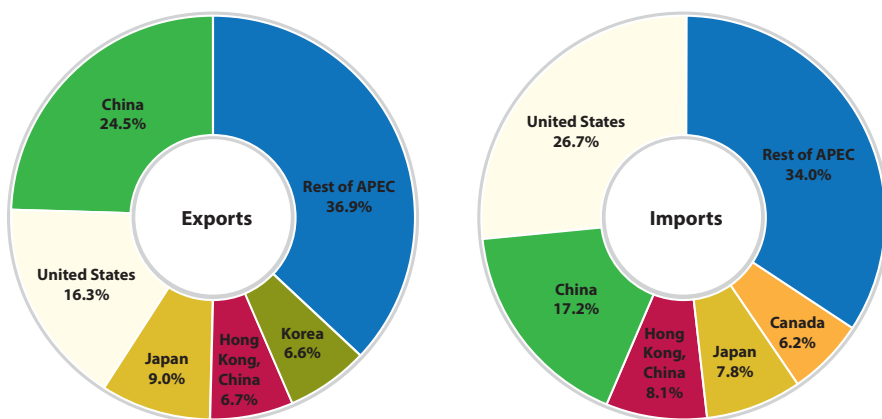
develop our economy.

Hosting APEC 2018 means opening our doors and bringing our trading partners, and most importantly the big economies to our doorstep to see for themselves our abundant resources.

The graphs were extracted from the APEC's publication called APEC in Charts which is compiled by APEC's Policy Support Unit (PSU), the policy research and analysis arm of APEC.

APEC in Charts is compiled by PSU to provide a graphical overview of the APEC region's economic, trade, investment and policy-related performance. The PSU supports APEC members and fora in improving the quality of their deliberations and decisions and in promoting policies that support the achievement of APEC's goals.

2.5 Share of Intra-regional Trade in APEC (PERCENT SHARE), 2016



## 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.





This is to inform market participants and the public about the major reforms now taking place in the capital market, and implications on new initiatives.

The coming into operation of the Securities Commission Act 2015, the Capital Market Act 2015, and the Central Depositories Act 2015, in December 2017 repeals the 1997 Securities Act and its associated regulations. The force of the new laws set the foundation and provides the legal framework for the development and regulation of the country's capital market.

*This means the capital market and its regulatory arrangements will undergo some major reforms and reorientation. Among the immediate reforms are:*

- Creation of the new Securities Commission of Papua New Guinea (SECOM). SECOM is now in transition from a Division of the Investment Promotion Authority of Papua New Guinea (IPA) into a fully-fledged standalone independent governmental regulatory entity.
- Review of the previous business processes, and replacing with new and better focused regulations and guidelines. This includes cessation of the Securities Regulation 1998; Takeovers Code 1998 and the respective guidelines are no longer applicable.

- SECOM is developing the regulations and guidelines for the Capital Market, Takeovers Code, Corporate Governance Code and Licensing for Trustees and Fund Managers.

*These reforms will not disrupt regular trading of equity securities on the Port Moresby Stock Exchange. There will however, be a temporary pause on new applications for:*

- Initial Public Offering (IPOs),
- Types of prospectus registration, exemptions, takeovers, mergers or acquisitions, trustee and/or any other application of the repealed Securities Act 1997, Securities Regulation 1998, Takeovers Code 1998 and Trustee and Manager Guidelines.

Market participants and interested parties are encouraged to work closely with SECOM during this transitional period for advice and guidance. For any queries regarding this Notice please contact:

Christopher T. Hnanguie  
Executive Chairman  
Securities Commission of Papua New Guinea (SECOM)  
Level 2, IPA Haus, Konedobu, NCD  
Tel: 308 4454, 308 4456 or 308 4458.  
Email: [vvaina@ipa.gov.pg](mailto:vvaina@ipa.gov.pg);  
[gungaia@ipa.gov.pg](mailto:gungaia@ipa.gov.pg)

## REFORMS IN THE COUNTRY'S CAPITAL MARKET

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

May 11th – 24th	:	Senior Officials Meeting 2
May 25th – 26th	:	Ministers Responsible for Trade
June	:	IPA Quarterly Board Meeting #2
July	:	APEC Business Advisory Council Meeting # 3
August	:	IPA Provincial Outreach
September	:	IPA Board quarterly meeting #3
October	:	Regulators Summit
November 12th – 13th	:	Concluding Senior Officials Meeting (CSOM)
November 12 – 18	:	Economic Leaders week
November	:	APEC Leaders Summit
December	:	PNG Mining Conference
	:	IPA Quarterly Board Meeting #4

## PNG celebrates World Intellectual Property Day

It was indeed show time for women in entrepreneurs in Port Moresby and nearby Central Province during the World Intellectual Property Day on April 26th.

The Investment Promotion Authority through the Intellectual Property Office organized an outreach program comprising of an exhibition for women entrepreneurs, mainly those in the creative and innovation industries at the city's Vision City mall car park.

The world IP day is celebrated every April 26th and it is a day set aside by the World Intellectual Property Organization (WIPO) to promote the role that intellectual property rights play in encouraging innovation and creativity.

Given that the theme for this year was "Powering change: Women in innovation and creativity," the focus was on women and how they come up with game-changing inventions and life-enhancing creations that transform lives.

The Office invited women entrepreneurs to exhibit their products and an all girls band led by the famous Mereani Masani to attract and entertain the crowd. Co-performing with Mereani was Irau Joe a 14-year brilliant

artist who got the crowd wowing at her amazing voice.

In her official remarks, Registrar of the Intellectual Property Office Ms. Amelia Na'aru stated that creativity in PNG has been amongst our women for generations. "Women were known to weave bilums, mats, baskets and other creative tools to enhance their capacity to conveniently manage their homes and families," she said. "Women were also known to traditionally prepare dishes in different ways and styles to feed their families and provide for the men folk in traditional gatherings and meetings. This led to naturally cultivating the culture of being creative and innovative particularly to assist them in managing families and households."



## Women entrepreneurs participating in economic development

Women entrepreneurs in Papua New Guinea are going miles with their business ideas and interestingly breaking turfs in untapped areas in the creative and innovative industries.

Although PNG's business registry system does not have a specific entity type reserved for women, it is becoming evident that women's participation in the development of the country's economy is somewhat notable in areas such as cosmetics, art and craft, food technology and tailoring to name a few.

Under the APEC meeting on *Policy Partnership on Women and the Economy* (PPWE), the Department of Community Development which is the focal point for this meeting, invited the IPA and other government agencies to join the department in the promotional aspect of the agenda.

A series of forums and exhibitions were hosted in the National Capital District for Southern region, Lae for the Momase region and Mt. Hagen for the Highlands region.

The IPA made presentations in the various

forums and also received feedback on the challenges faced by women entrepreneurs.

Given that the women are more into the creative and innovative industries, the issue on the awareness of intellectual property was a notable concern including the need to understand standards and measurements for the purposes of product development.

The IPA used the event to identify potential export products and also those that need further development before they are export ready. Negotiations are underway for several of these products to be diversified and also considered for downstream processing.



## OSHIN ORGANICS

Orshin Organics although is a name new to the market, the products have been around for years now. Previously known as *Maxtone Haus Products*, the products made a colourful re-entry into the market in a new brand name Oshin.

Oshin is the brand name of local cosmetic and health products owned by PNG's 49-year old female entrepreneur Ernestine Cole. Based in Kimbe, West New Britain province and born in the New Ireland Province, Ernestine loves creating products with her "magic tree" the coconut palm to produce a variety of niche products in the health and beauty industry.

Oshin Organics consists of pure and natural coconut products such as soap, essential oils such as lemongrass, frangipani, vanilla and lavender and body oil moisturisers. Oshin also has fly and insect repellent products, *Tamanu* essential oil, a skin rejuvenating oil and wound healer using *Tamanu* essential oil and a traditional eucalyptus oil *WariaWaria* essential oil which is great for antiseptic.

Products to look out for that are coming online this year will be their charcoal soap, hair tonic, scrub and antiseptic coconut ointment and deodorant. Orshin Organics is a true health and beauty product.

Ernestine believes that Creativity and Innovation in this changing time is about knowing what the raw materials are used for by our ancestors and what we can replicate into today's modern world.

Her views on creativity are more e-knowledge than i-knowledge as done by the Melanesia / south pacific way.

"To be creative in PNG you need to work closely with the land as the systematic risks can be devastating," Ernestine says. "And being a female owner of a business in PNG is not easy as you are seen as easy picking," she said.

As she puts it, "stick to your guns, take baby steps and know when to make a change. See it, believe it and follow through."





# LEGAL UPDATE

*More protection, clearer guidelines, streamlined processes*

## Changes to the Companies Act

### 3. Quicker and easier process of issuing shares

- Companies can **buy and sell their own shares** a lot more easily, with procedures also in place to protect shareholders.
- Companies can **buy back their own shares** and re-sell them when their value is higher.

### 4. Increased protection of creditors

- Better **protection during the liquidation** of a company, with court assistance provided to access company documents and request an audit.
- Directors who purposefully mismanaged accounting records will be held personally liable so that **creditors can be repaid** if needed.

### 1. Increased protection of shareholders

- **Easier voting** on company resolutions through the use of email, **notification** if an auditor resigns, and **access to court assistance** when calling on a Board to hold a special meeting.
- Greater **eligibility for discounts** on company goods and services.

### 2. Clearer guidelines on directors' duties

- **Support for directors** in cases where legitimate business decisions do not turn out as planned for the company.
- **Protection for shareholders** from directors who act improperly and not in the best interest of the company.



### 5. Clearer process of filing annual returns

- **Filing date will be linked** to the company's first annual meeting.
- Brings Papua New Guinea in **line with the procedures of other countries** around the world.

### 6. Streamlined process for filing company documents

- Documents can be **filed online** without a physical signature, **assisting businesses** with no access to scanners or fast internet connections.
- A move in anticipation of the development of a **complete online business registration system**, which will be launched at the end of the year.



**Investment Promotion Authority**  
Ground Floor, IPA HAUS  
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Munidubu Street, Konedobu  
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#### For more details, please contact:

The Registrar of Companies  
Business Registration Office  
PO Box 1281  
Port Moresby NCD

**Tel:** 321 3900  
**Fax:** 321 3049  
**Email:** registrar.companies@ipa.gov.pg

[www.ipa.gov.pg](http://www.ipa.gov.pg)

Supported by:  International Finance Corporation

## Silomco – a potential oil palm development project in East and West Sepik provinces seeks partner

Local company, Silomco Ltd seeks a Joint Venture arrangement to develop a potential oil palm project.

The project is located in Wewak, East Sepik Province to Telefomin (Headwagi area) in the West Sepik Province and the project proponent is seeking an investment value of K2 million (USD\$620 million) for this project which holds potential in growth.

The total amount of land proposed for cultivation and associated infrastructures is 450,000 hectares while a further 150,000 can be made available for other agricultural, live-stock and forestry developments.

The Silomco Project recognizes food security as an important goal to strive for and this project aims to address this issue amongst others. The business plan involves a core asset of 50,000 hectares as the central planta-

tion while 350,000 hectares will be sub-divided into Smallholder Blocks of 7 hectares each (50,000 blocks). The remaining 50,000 hectares will be reserved for all other associated and complementary infrastructures such as a road network, an airstrip, a township with associated amenities and buffer zones including conservational areas and parks. It is expected to have up to 40 Milling Plants, several refineries and a bio-fuel processing plant.

The project proposes to construct a main highway of up to 120 kilometers connecting Aitape where a sea-port (wharf) will be built to take delivery of incoming goods and shipment of finished products to markets. The project proponents are seeking for potential developers with the technical capabilities and financial capacity to discuss options under a Joint Venture arrangement in developing this project.

For further information please contact **Mr Kamis Yalakun**, Acting Manager, Investment Promotion Unit at IPA, Tel: +675 308 4531 or email: [kyalakun@ipa.gov.pg](mailto:kyalakun@ipa.gov.pg)

## Registration

### Question:

How long does it take to register a company?

### Answer:

On a good day and if your documents are in order, it may take a day or two. Our definition of a good day is when the system is running well and there is no backlog of applications pending in the system.

That is why it is important to ensure that the application form is accurately filled out and the required information is provided.

Another important necessity for the efficient registration of a company is to ensure that you reserve the name first before registering the company. A company application can never be approved until and unless the proposed company is first available and is reserved.

Always conduct a 'Company Name Availability Search' and if the name has not been registered or used yet, then proceed with reserving the name first before you register the full company.

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**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](#)




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



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