



**Investment
Promotion
Authority**

2016

Annual Report

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Investment Promotion Authority
2016 ANNUAL REPORT

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CONTENTS

1.0	MINISTER'S FOREWORD5
2.0	CHAIRMAN'S MESSAGE6
3.0	MANAGING DIRECTOR'S REPORT7
4.0	CORPORATE GOVERNANCE	.....8
EXECUTIVE SERVICES UNIT		(8-25)
Strategic Business Unit Review		
A INVESTOR SERVICING AND PROMOTION DIVISION (ISPD)		9-17
1.	INVESTMENT PROMOTION UNIT	.....9
2.	MARKETING & EXPORT PROMOTIONS UNIT	.....12
3.	PUBLIC RELATIONS UNIT	.....14
4.	RESEARCH AND INFORMATION UNIT	.....16
B INTELLECTUAL PROPERTY OFFICE of PNG (IPOPNG).....		18 - 21
1.	PROGRAMS	.....18
2.	REGISTRY PERFORMANCE IN TERMS OF TRADEMARKS, PATENTS AND INDUSTRIAL DESIGNS AND COPYRIGHT QUERIES	.....20
C BUSINESS REGISTRATION AND CERTIFICATION DIVISION (BRCD) ...		21 - 26
1.	REGISTRAR OF COMPANIES OFFICE	.....22
2.	ACCOUNTING STANDARD BOARD	.....23
3.	PERSONAL PROPERTY SECURITIES REGISTRY	.....24
4.	CERTIFICATION UNIT	.....25
5.	LEGAL & COMPLIANCE UNIT	.....
D SECURITIES COMMISSION		26 - 29
E CORPORATE SERVICE DIVISION		30 - 32
1.	HUMAN RESOURCE AND ADMINISTRATION UNIT	
2.	FINANCE UNIT	
3.	INFORMATION TECHNOLOGY	
FINANCIAL STATEMENTS.....		33 - 48
APPENDICES		49 - 57

OUR VISION

Our vision is to be the lead government agency which provide pro-active and timely customer services to all potential new and existing investors with all service delivered in a transparent and efficient manner.

OUR MISSION

We will provide effective and efficient services to both local and foreign investors and effectively encourage downstream processing and export promotion within a robust regulatory service environment that is transparent and sustainable.

OUR VALUES

- Honest and Respect
- Transparent
- High Moral Value and Ethical Standard
- Corporate Governance
- Professionalism



I am pleased to write the foreword for the 2016 Annual Report for the Investment Promotion Authority (IPA). The Investment Promotion Authority is a government agency under the Ministry of Trade, Commerce and Industry.

IPA was established by the Act of Parliament in 1992 to facilitate and promote business within and into the country. Since I took office I have been involved in very critical developments but I will highlight only on key matters which I was interested to pursue which IPA ably participated in this year 2016.

In 2013, I intended to support any proposal for the fees to be reviewed to ensure that the IPA is able to sustain itself going into the future. The Investment Promotion Authority derives its operating funds from the regulatory services that it provides as part of administering the different pieces of legislation under its mandate.

Challenges of funding high quality programs and retention of staff and systems will one day come to a head if critical financial attention is not given to the Authority. At the same time, government support is difficult to be maintained because of key and big ticket expenditure items such as free education, High development expenditure and low income from oil and gas due to fall in world oil price, 2018 APEC Hosting, and of course the free primary health care initiative. I have given specific instructions for the IPA to look at reviewing its fees to ensure that they are able to meet their basic expenditure requirements. It is important that statutory agencies like the IPA are able to fund their operations themselves, which would provide enormous relief to the government which has competing priorities for its annual budget. For this to eventuate, I saw that few changes needed to be made to the legislation. The instruction was given for the Amendment to the Companies Act and the Business

Names Act which took effect in 2014. This has provided legal grounds for the new fee structure. In early 2016, the IPA implemented its new fees. This revenue stream will now fully support its operational budget in spite of government's nil budget allocation.

I was also keen to revamp the Securities Commission which has lead to amendments of the Securities Commission Act 1997 which took almost three years of hard work and the Parliament passed it in October 2015, enacted the Securities Commission Act 2015, Capital Market Act 2015, and the Central Depository Act 2015. The Speaker of the Parliament has certified these laws in 2016. These laws now provide the legal framework to completely revamp and modernize the securities markets and deal with critical regulatory issues that have not been addressed for almost twenty years. The associated regulation and the organizational structure are at the final stages of completion and my expectation is that the new look Securities Commission of Papua New Guinea will be ready to establish its own office by 2017-2018.

The PNG National Investment Policy which was crafted in 1998 and 1999 respectively is obsolete and needs review to cater for the changing investment climate and economic development. I am happy that IPA has commenced work on the policy formulation that offers the government another opportunity to refine Foreign Direct Investors set guidelines as per the legislation and to restate its support to the SME Agenda. The Policy is under review with the aim to be completed by 2017.

Finally, Doing Business Report 2016 has shown improvement in overall doing business ranking for PNG. Development and deploying of the online registry has cut down on turnaround time in registering business/certification. This is one of the great achievements which reflect hard work and commitment.

I would like to thank the Board, Management and Staff of the Investment Promotion Authority for another successful year in 2016. I look forward to continuing the good work in 2017 and beyond.

HONORABLE RICHARD N. MARU
OBE, BTECH, MBA, MP
Minister for Trade, Commerce and Industry



I am delighted to write you this message for the 2016 Investment Promotion Authority Annual Report.

Despite being a challenging year for us at the IPA, the Board has been reasonably pleased with the

Authority's performance with the following key initiatives that were rolled out during the year.

- Successful Implementation of the Strategic Plan 2015 – 2017. This is an important planning document whose main objective is to provide a direction for the IPA to focus on its core businesses. The plan was formulated under very specific and important operating conditions which are affecting the IPA's work. After two years of implementation, we have already achieved 90% of the key performance indicators and remain focus to implement the other remaining legislation and policy work by 2017. This is a very high achievement by any standard and the Board and management are encouraged about this progress.
- The successful hosting and maintenance of the online registry system and deployment of the online personal property security registry. This service was fast, quick, affordable and made it easy to all business men and women. As a result of these regulatory reforms, Papua New Guinea's rating improved in the World Bank's Ease of Doing Business Report 2016. These reforms were done especially in the starting business and getting credit categories among others.
- For the second year running, we have received the Best Public Sectors employer award from the PNG Human Resource Institute. This is another milestone achievement and demonstrates the quality service and the commitment which IPA staff have provided and continue to provide to our clients.
- Successful implementation of the spot inspection and survey exercises. The board has seen the need for businesses to comply with the business regulations and we facilitated the spot inspection and survey. Following the successful exercise in Madang in 2015, we continued in early 2016 in the National Capital District and further towards the end of the year, this exercise was carried out in East Sepik and West Sepik. Plans are in place to extend the

exercise to Morobe and the other regions for 2017.

- Successful awareness program delivered to provinces in October, 2016. It was evident from the people in the provinces and districts that government information does not reach the bulk of our people in rural areas. Our people need to be involved in Small Medium Enterprises businesses. We rolled out awareness campaigns in Milne Bay, Manus, Sandaun, Bougainville, Gulf and Southern Highlands. The program will be rolled out to other provinces and to peak bodies in 2017.
- National Staff Housing Scheme Policy was approved by the Board for implementation in 2017. This is an important initiative which will assist us to attract and maintain performing and quality staff
- IPA is one of the 12 government organizations to deliver timely Audits. The Board of the IPA continues to advocate for transparency and good governance. As part of that effort, the Board established the Board Audit Committee, Chaired by an independent Board member. Its mandate is to continue to work with the management in ensuring Governance oversight on risk, accountability and governance. This ensures that the Authority Board and Management continue to uphold the principles of good governance, transparency and accountability.

Going forward, I would also like the Authority to look closely at other revenue streams to support and sustain its operations in the years to come. This is in view of Government Budget support reduction in 2016 and with no budget allocation for IPA for 2017.

The Board would like to thank the Minister for Trade, Commerce and Industry, Honourable Richard Maru, OBE, for his continuous and undivided support to the Authority in 2016. We would also like to commend the Management and staff of the Investment Promotion Authority for working hard this year to support and implement the programs under very difficult circumstances.

Finally, I would like to thank the members of the Board for their continuous support and directions. I would also like to thank the former Managing Director, Mr Ivan Pomaleu for his contribution to the Authority and Acting Managing Director Clarence Hoot who has stepped in to continue the leadership role.

I look forward for another productive year in 2017.

LEON BUSKENS
CHAIRMAN
The IPA BOARD



I am happy to present the 2016 Annual Report of the Investment Promotion Authority as required under Section 18 of the Investment Promotion Act, which provides that a report is to be furnished to the Minister for trade, Commerce and Industry on or before the 15th of March in the year following the reporting year. But before I continue, I would like to appreciate former Managing Director, Mr. Ivan Pomaleu for his leadership for the last 15 years as head of this organisation. I also recognize and acknowledge the IPA board in having confidence to appoint me as the Acting Managing Director of this important organization.

IPA has been operating on very strict directions and coordination from very wise and qualified with widely experienced board members from public and private sector.

These qualities are reflected in the administration of the organization. This year has been an exciting one because of a number of key objectives which we have stated in our 2015-2017 Corporate Strategic Plan implemented by ninety percent (90%) within its planned timeframe. This is a great achievement for an organization. We were able to roll out vital programs such as the spot inspection, provincial awareness, regional offices establishment, MOUs between line agencies and provinces, Implementation of new fees structure which commenced early this year, successful hosting of online registry including the Personal Property Security Registry and of course the review on policies and regulations.

At the legislative and policy front, we have embarked on two important priorities in the review of National Investment Policy and the Intellectual Property Plan which are still under negotiation and consultation with important development partners. Major work has been done to get them off the ground and upon completion it will liberalize the investment sector and the office of the Intellectual Property to widen its

scope of legitimate roles and jurisdiction. The other important program which commenced this year was the establishment of the Securities Commission of PNG as an Independent Office. Since the establishment of the SCPNG, the office has been managed under the IPA structure. In the last quarter of 2014 three (3) different legislation, the Securities Commission Bill, the Capital Markets Bill and the Central Depository Bill were passed by parliament in 2015 and the speaker certified it early 2016. This has created an avenue for SCPNG to establish its own office and operate under its own leadership.

We continue to maintain the smooth operation of the online registry system and the Personal Property Security Registry. The online service has reduced the turnaround time from 56 days to now 3 days or even less. Through the use of PPRS there is ease access to source loans or getting credit.

It is a requirement that we continue to deliver services to our registry clientele and that as much as possible promotional support is given to our clients. These services are now being delivered both at the Port Moresby Offices as well as Mt. Hagen, Lae, Rabaul and Bougainville. Those offices perform the tasks of being extra front counters.

I wish to thank the Board, Management and staff of the Authority for their support and hard work in making the year 2016 a very successful year. I also look forward to another successful year in 2017. I now commend the rest of the 2016 IPA Annual Report to our stakeholders.

Thank you.

Clarence M. Hoot
Acting Managing Director

The IPA Board

(a) *The Role and Responsibility of the Board*

The IPA board is established under section 8 of the IP Act. The core responsibility of the Board is to manage and direct the affairs of the Authority through provision of policy and strategic guidance.

(b) *Meetings of the Board*

The IPA Board meets every quarter to deliberate on the important issues concerning the Authority. As required under Section 15 of the IP Act 1992, a quorum of five (5) members is required for a board meeting to be conducted. All meetings convened in 2016 have been minuted, signed and sealed and are kept on record for future references.

(c) *Disclosure of Interest*

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

5. EXECUTIVE SERVICES UNIT

5.1 IPA Strategic Plan 2015 – 2017 Achievements

The IPA Strategic Plan 2015-2017 was developed, finalized and approved by the Board in 2015. The Strategic Plan guides and directs the main functional roles and responsibilities of the Authority.

The commencement on implementation of the Strategic Plan was 2015 soon after it was launched. Since then it has taken two years, or two thirds of the operational life span implementing the objectives. We took stock through a monitoring and evaluation process to measure the implementation of the strategic plan and are happy to report that ninety percent (90%) of the important key performance indicators have been achieved with tangible results. The remaining objectives are to be executed in 2017. We also look forward to creating another Strategic Plan from 2018 onwards.

5.2 Appointment of New Managing Director

This year is an important year for the Executive Management where there has been an appointment of the new Acting Managing Director. The Outgoing Managing Director Mr. Ivan Pomaleu's contract lapses on the 24th September 2016 and he moved on to take other challenges in his career. The board has appointed his successor Mr. Clarence Mala Hoot now as the Acting Managing Director of the Investment Promotion Authority since 26th September, 2016.

Work is underway to recruit a permanent managing director, an advertisement on both the National and Post Courier for the position, possible candidates were short listed and interviewed.

Below is a photograph taken at a farewell dinner for the outgoing Managing director Mr. Ivan Pomaleu.



Cheers for great work done on the farewell dinner. From Left: IPA Chairman, Minister for Trade Commerce and Industry, Outgoing IPA MD, & Master of Ceremony at the farewell dinner night.



Farewell with one of the gifts from Acting Managing Director, Mr. Clarence Hoot

5.3 Board

The ESU continues to facilitate appointments of new nominees to the Board of the IPA. This year we have all board presented, however representative from the Chamber of Mines and Petroleum as per required by section 9(g) of IP Act has been pending for over two years now even though work has been done to occupy that vacancy. Board Meetings have been held quarterly in 2016 both in NCD and outside the province.



Above, one of the meeting that was held in Lae, Morobe Province

5.4 Board Audit Committee

The Board Audit Committee comprises a Sub-Board Committee appointed by the Board. Its primary role is to provide the oversight to the Board. The Sub-Board Committee met four times in 2016.

5.5 Senior Management Committee Meetings

The Investment Promotions Authority is directed, reported and planned by Senior Managers from different Divisions who form the Senior Management Committee (SMC) headed by the Managing Director as the Chairman. The SMC convenes meeting once every month to report monthly duties, and propose objectives to be implemented in line with the strategic plan and submits to Board for endorsement. In 2016, we concluded successfully by having Twelve (12) SMC meetings.

5.6 National Investment Policy

One of the Objectives of IPA under the Strategic Plan 2015 – 2017 is the review of the National Investment Policy. Work has begun since 2015. Consultations and discussions with the Organization for Economic Cooperation and Development (OECD) and the Asian Development Bank (ADB) on how the Policy can be developed. There is a proposed Memorandum of Understanding between the ADB and IPA to work in collaboration to develop the new National Investment Policy amongst other tasks and this work will continue in 2017.

6. Strategic Business Unit Review

A. INVESTOR SERVICING AND PROMOTIONS DIVISION (ISPD)

The Investor Servicing and Promotions Division (ISPD) is the face of the IPA in terms of investment and trade promotions which is the core business of the Authority. The division is responsible for all promotional activities of the IPA within and abroad and undertakes this through investment roadshows, exhibitions, seminars, conferences, awareness as well as representation to international foras. The ISPD is divided into four core business units in investment promotion, marketing and export promotion, research and information and the public relations unit.

A. INVESTMENT PROMOTION UNIT

A.1 *Investment Promotion Unit*

The Investment Promotion Unit is responsible for the effective promotion and facilitation of investment into the country including aftercare and policy advocacy.

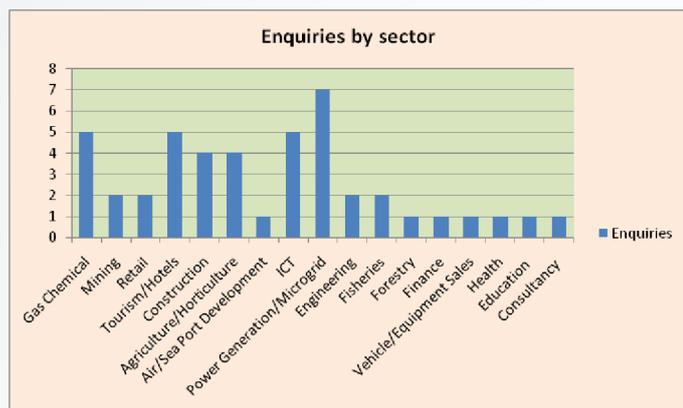
A.1.1 Investment Promotion and Facilitation

Investment Enquiries by Sectors

The Authority through the Investment Promotion Unit facilitated not more than hundred investment enquiries and potential investors during the year 2016. Graph below outlines key sectors of interest facilitated:

(Figure1. Investment Enquiries by Sector)_page 10_

Figure1. Investment Enquiries by Sector



The graph indicates energy, tourism, ICT and gas (LNG/LPG) to be sectors of high interest in 2016 followed by construction and agriculture. The other sectors of interest include mining, retail, engineering and fisheries.

Inward Missions

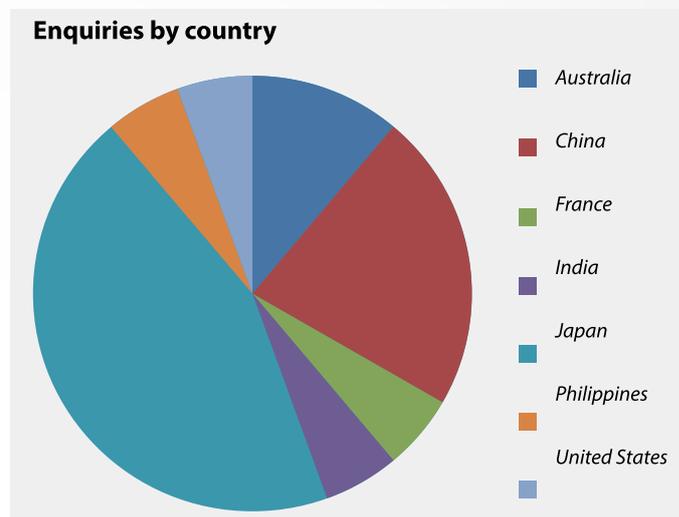
The table below provides some of the notable inward investment missions facilitated throughout the year providing business environment updates and information on investment opportunities.

Table 1. Inward missions facilitated

No.	Mission/Sector of Interest	Month	Country/Region
1	Philippines China Chamber of Commerce and Industry (PCCCI) – sector interest: shopping malls/retail, hotels, agriculture, construction, entertainment, finance	January 17-21	Philippines/China
2	Confederation of Indian Industries high level delegation visit – sector interest: solar energy, healthcare, multi-specialty hospital/health tourism, handicrafts, petroleum & natural gas, textiles, food processing, agriculture and tourism	February 14-19	India
3	Marubeni Corporation of Japan Business Delegation to Port Moresby – sector interest: agriculture, fisheries, tourism, power generation, financial services	February 17-19	Japan
4	China Council for the Promotion of International Trade, Shenzhen Committee (CCPIT Shenzhen) – sector interest: construction, energy, ICT, finance.	February 22-26	China
5	Yachiyo Engineering Co. Ltd – sector interest: engineering and architectural consulting interested in investigating and finding out more on the proposed Nadzab Urban Satellite Project.	March 04-07	Japan
6	Guangdong Jovo Group visit to Port Moresby – sector interest: Energy Sector – Power generation Gas Sector - LNG & LPG, mining – coal power generation	March 13-16	China
7	Setouchi Holdings Co. Ltd – sector interest: investigate investment potential in PNG sashimi (fresh tuna) exports to Japan.	June 13-25	Japan
8	Pacific Islands Trade and Invest mission facilitation – sector interest: tourism and agriculture	June 28-30	Sydney Office (Australia)
9	BMC International – sector interest: ICT (seeking to invest in GST Monitoring System)	June 30	Japan
10	G-Techno Co. Ltd – sector interest: solar power (renewable energy), seeking business opportunities in producing and installing solar power	July 12-16	Japan
11	Toyota Tsusho Corporation – sector interest: ICT and transport licensing and payments system (concept design)	August 11-September 30	Australia/Japan
12	Oberthur Technologies in-bound investment visit – sector interest: ICT and transport.	September	France
13	Sojitz Corporation and Kawasaki Heavy Industries Representatives Visit – sector interest: ICT, energy, military hardware, equipments, machinery.	October 03-07	Japan
14	Global South Services and Wycliffe Associates – sector interest: ICT and finance	October 19	USA
15	Fuji Electrical Co. Ltd – sector interest: electronics company seeking opportunities to invest in the field of micro grid technology and internet data centre technology	October 23-29	Japan
16	Rainbowfish Ocean Technology Co Ltd – sector interest: tourism (deep sea tourism and hotels)	November 04-08	China
16	Nanyo Boeki Kaisha Co. Ltd – sector interest: interested in import/export business with SP Brewery and potential bottled water producing companies plus looking at opportunities to import oil palm husks for biomass power generation in Japan	November 21-23	Japan

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

Figure 2. Enquiries by country



Outward Missions

IPA through Investment Promotion Unit facilitated Prime Minister Peter O’Neil’s high level delegation to France for Paris Investment Summit. The delegation comprised of Ministers of Trade, Commerce and Industry; Treasury; Public Enterprises and Petroleum & Energy; departmental heads and CEOs of State agencies and more than 20 business delegates from PNG private sector.

Table 2. Outward missions facilitated

No.	Mission/Sector of Interest	Month	Country/Region
1	Paris Investment Trade and Investment Summit	15-16 June 2016	France/EU
2	31st Trade Expo, Jakarta	12th -16th October 2016	Indonesia
3	Trade and Investment Seminar, Kuala Lumpur	23rd November 2016	Malaysia

A.1.2 Aftercare Program

The Aftercare program mainly facilitated walk-in domestic clients on day-to-day basis and while international clients were assisted through facilitations of visits, email and telephone conversation.

Aftercare Domestic Activity

No.	Place	Province	Duration
1	NCD Spot Inspection/Database Survey	NCD	April-May 2016
2	Kimbe Awareness Program	WNB	31 Oct–Nov 01 2016

Aftercare International Activity

No.	Group	Delegation Size	Country/Event	Duration
1	Facilitated PNG Private Sector/SMEs	38 PNG Businesses participated.	31st Trade Expo, Jakarta, Indonesia	12th – 16th October 2016

For international Aftercare engagement, we facilitated for total of 38 PNG SMEs that participated at the 31st Indonesian Trade Expo at Jakarta. Two officers accompanied the business representatives. Aftercare officers were on hand to promote and market business and investment opportunities. Since then a number of follow up enquiries from abroad have been facilitated.

A.1.3 Project Profiling

Project Profiling Exercise is an ongoing work program. The Unit has collated and compiled more than 20 project profiles. We’ve extracted only main information and summarized in a standard Pacific Islands’ Trade and Invest (PIT&I) format. The project information is submitted to Investment Project Analyst for inputs and clearance before publication uploaded on to our (IPA) website. We anticipate publishing our next issue of project profile booklet in 2017 for those investment ready projects.

A.1.4 Policy Advocacy

We continued to contribute to the APEC process, WTO Trade Related Technical Assistance process, the European Union Trade Related Assistance Program Phase III, Pacer Plus, PNG-Fiji Senior Official Meeting, PNG-China FTA, PNG-Indonesia Business Council Trade Policy and the MSG process.

A.1.4.1

Investment Promotion & Protection Agreements

In early 2015, we met with the Department of Foreign Affairs as lead agency on IPPAs to progress the following IPPAs with Solomon Islands, South Korea, India, Malaysia, Philippines, Thailand, New Zealand and Fiji.

There was not much progress made on any of the above. And at the latter part of the year, we agreed with the \Department of Foreign Affairs to advance these issues as matters of priority in 2017.

A.1.4.2

APEC and APEC Investment Expert Group

We continue to participate and contribute in the APEC process by attending APEC meetings, attending to APEC Secretariat matters/queries as well as PNG APEC Secretariat matters/queries.

We successfully completed our three year co-convenorship of the Investment Expert Group in 2016.

The following meetings were attended:

No.	Activity	Venue	Date	Attendees
1	APEC Informal Senior Official Meetings	Lima, Peru	December 2015	MD
2	APEC Senior Official Meetings (SOM 1) and Related Meetings: i. Investment Expert Group (IEG) ii. Capacity Building Workshop in IIAs in APEC	Lima, Peru	20th February to 04th March	MD, D/ISPD, M/IP, SPO-IA
3	APEC Senior Official Meetings (SOM3) and Related Meetings, including: 1. IEG Meeting 2. Seminar on Foreign Investment Screening 3. Capacity Building Workshop on Supply Chain Finance and Secured Transaction in a Cross Border context	Lima, Peru	18 August to 03rd September 2016	MD, D/ISPD, M/IP, SPO-IA

And we coordinated the PNG IEG working group to discuss and address/implement the IEG and EODB activities as agreed to in the APEC meetings/process.

Also, we coordinated PNG’s reporting regarding the APEC Investment Facilitation Action Plan (IFAP) in terms of its implementation of: (i) Reducing Investor Risk (ii) Business Regulation.

A.1.4.3 MSG

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

The Meetings discussed trade, investment, economic and private sector issues and reports including the following:

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

A.1.4 Networking Partnerships

Networking partnership with the public and private sector organisations have been ongoing throughout the year including international and regional organisations, donor funding agencies, investment promotion agencies abroad, business council, chamber of commerce, government departments and agencies, PNG Foreign Mission abroad, the Diplomatic Corps in country. The following are some networking partners among others:

- Asia Pacific Economic Cooperation

- Japan International Cooperation Agency
- Oxford Business Group
- International Finance Corporation
- US AID
- Melanesia Spearhead Group Secretariat
- Business Council of PNG
- Manufacturers Council of PNG
- PNG Chamber of Commerce & Industry
- Port Moresby Chamber of Commerce & Industry
- Lae Chamber of Commerce & Industry
- PNG-NZ Business Council
- Pacific Islands Trade & Invest

MARKETING AND EXPORT PROMOTION UNIT

1. BUSINESS DEVELOPMENT PROGRAMS

1.1 *Business Assistance Development Program*

This publication is deferred to 2017 due to a number of reasons including delays by several organisations providing updated information; delays in verifying drafts; ceasing of funding for previously available services; and non-availability of other services for PNG under the multilateral component. A draft has been circulated for comments by divisional staff before seeking clearance by Management. Publication planned to be done in the 2nd quarter of 2017.

1.2 *Export Procedure Guide*

This publication is deferred to 2017 due to a number of reasons including staff shortage and current staff involvement in several activities.

Through the updating of the initial draft, it was realised that more work needs to be done including obtaining information and appropriate forms from relevant agencies such as PNG Customs and NAQIA.

As well, it was agreed that the publication should also cover Import Procedures considering the exporters also do import and generally would benefit others in the business sector who may be interested to import at one stage.

Thus, this publication is deferred to 2017 and renamed as Export and Import Procedures Guide and is aimed to benefit a wider business community and not only exporters/intending exporters.

2. EXPORT PROMOTION PROGRAM

2.1 *Trade Mission to New Zealand (11th ~ 16th March 2016)*

We facilitated, for the first time in partnership with the Pacific Island Trade and Invest (PT&I), a PNG Trade Mission to New Zealand as part of the Pacific Path to Market (PP2M) Program which was first held in Lae in 2014, then both Lae and Port Moresby in 2015 with the aim to connect Pacific island companies to any market. The PP2M was delivered by PIT&I in partnership with the IPA.

Four (4) companies were selected from the PP2M program and were part of the first PNG Trade Mission to New Zealand from the 11th – 16th of March, 2016. These selected companies with those of other Pacific Island Countries participated in the annual “Pasifika Festival” in Auckland and displayed, promoted and sold their products and had business-to-business meetings as part of the mission. The PNG delegation was accompanied by Senior Marketing Officer – Promotion.

Another follow-up PP2M workshop was facilitated in August 2016 in Port Moresby and 4 companies who attended this round of workshop will be part of the 2017 PNG Trade Mission to New Zealand from 23rd ~ 29th March next year. The Unit is currently facilitating these companies participation in partnership with the PT&I, NZ office.

2.2 *PNG International Business Summit (01st ~ 02nd September 2016)*

PNG made products were displayed and promoted at the IPA booth during the summit held in Brisbane, Australia in September 2016. An outcome of our participation is that the Marketing & Export Promotion Unit is now exploring avenues to have distributors of PNG made products anywhere in Australia and assess the sustainability of this channel. A potential contact has been established to explore this option.

2.3 *31st Trade Expo Indonesia (12-16 Oct 2016)*

We facilitated for the second year in partnership with the Embassy of the Republic of Indonesia in PNG, the

PNG private sector participation to the 31st Trade Expo Indonesia (TEI) in Jakarta, Indonesia since 2015.

Two (2) x IPA officers (Aftercare officer and Senior Marketing Office – Trade) accompanied the forty (40) Papua New Guineans. The team comprised of twenty eight (28) government officials from the district to provincial level. Seven (7) individuals represented the informal sector and five (5) represented registered companies.

An outcome of this year's participation is that four (4) PNG companies signed contracts with Indonesian companies for solar, pearls, sourcing leather materials and white and brown goods for household use.

2.4 Export Facilitation in Spice Industry

We continue to promote and introduce licensed exporters to international buyers with several successful transactions in vanilla exports such as that of a Japanese company successfully sourcing vanilla from Intec Niugini Vanilla Ltd. However, we also encountered a few complaints from buyers about the lack of commitment by PNG exporters to supply the full volume despite payment being made up-front.

We notified the Spice Industry Board (SIB) through a formal letter calling for an immediate dialogue with all relevant stakeholders to develop measures to hinder/curtail such practices that are tarnishing the reputation of the spice industry and PNG's export sector as a whole. We are in close consultation with the SIB to commence dialogue as soon as practical.

3. FACILITATION OF IN-BOUND TRADE/ FACT FINDING MISSIONS

3.1 Inbound Trade Mission in the Spice Sector by Mr. Ross Appleton of Equa Gold of New Zealand

We facilitated two (2) separate visits in the spice industry this year.

3.1.1. A vanilla importer from New Zealand, in February 2016 and accompanied him to visit the remote Torricelli Mountains to meet the Torricelli Cooperative to appreciate the determination of the farmers in growing vanilla for export despite the remoteness of the community and difficulty in accessing main roads and towns. The visit was a result of a market research based on vanilla, cocoa and coffee done by Senior Marketing Officer-Trade during an internship with the Pacific

Islands Trade and Invest (PT&I), Auckland Office, New Zealand in July 2014.

As an outcome, Mr. Appleton is sourcing vanilla beans from the Torricelli Cooperative and is intending to further assist the farmer group to seek support from District and Provincial Government to build a road to allow easy access to roadside and main markets for the farmers and their community.

3.1.2. Another vanilla importer based in New Zealand, Bulk Value Ingredients Ltd, also visited and met with vanilla suppliers to source vanilla. We liaised with contacts on the ground in Wewak and Maprik in the East Sepik Province for him to meet with.

The importer established contacts and is sourcing vanilla beans also from Torricelli Cooperative as well as from Maprik farmers.

3.2 Visit by Pacific Islands Trade and Invest, Sydney Office

We facilitated another visit by Export Manager, Jeremy Grennell of PT&I, Sydney Office in July 2016.

A PNG coffee exporter and a fisheries/marine product exporter were introduced to buyers in Australia.

3.4 Inbound Trade Mission from New Zealand and Path to Market Program

PIT&I, NZ Trade Commissioner, Michael Greenslade led a team of six to Port Moresby on a mini trade mission from 28 Aug~1 Sept 2016. The delegation met with key government agencies including the IPA, PNG Tourism Promotion Authority and Department of Trade, Commerce and Industry before departing for Brisbane to attend the PNG Business Summit 2016 organised by POMCCI. The mission coincided with the PP2M program held on 30 August 2016.

4. NETWORKING AND PARTNERSHIP

4.1 National Steering Committee for the National Market Access Working Group for PHAMA

IPA is represented in the Steering Committee for the National Market Access Working Group for the Pacific Horticultural and Agricultural Market Access (PHAMA) program. We also established contact with the Market Development Program (MDF) team. Work is in progress with other sectors especially with Cocoa Board on Cocoa of Excellence Show and Packaging Assistance

for Chocolate production. Our partnership with the Coffee Industry Corporation Limited and all Commodity Boards is well and ongoing.

4.2 3rd National Coffee Cupping Competition (15th ~19th of August)

IPA is represented and participated in the 3rd National Coffee Cupping Competition, Lae Morobe Province, as a sponsor and promoted IPA products/services at Niugini Coffee Expo 2016 which coincides with the Cupping Competition.

The IPA sponsored the National Coffee Cupping Competition in the bronze category of K5, 000.00.

We also facilitated the introductions of a local coffee Kinga Association to Agmark's New Guinea Coffee, Tea & Spice and Gepo Coffee and transactions between these exporters and the farmers were valued around K50, 000.00. The Kinga Association was encouraged and participated in the National Coffee Cupping Competition.

Furthermore, Marubeni Food Corporation from Japan was introduced to three PNG coffee exporters. Two Officers from the company visited Vitis Industries in NCD and New Guinea Coffee, Tea & Spice and Gabiga Coffee Exporters in the Eastern Highlands Province and were optimistic in buying from these PNG based exporters.

4.3 3rd Trade Pasifika

The IPA was represented in the PNG National Working Committee on PNG's hosting of the 3rd Trade Pasifika which is part of a program of the Pacific Islands Private Sector Organisation (PIPSO). The national committee is headed by the PNG Chamber of Commerce and Industry. The event planned from 1-5 November 2016 was however cancelled due to funding constraints and lack of resources.

4.4 Expanding network and partnerships

The IPA established contacts with Indonesia's Directorate of Market Development and Export Information during the 31st Trade Expo Indonesia to source machines, packaging materials and other raw materials to enhance PNG's export capabilities.

Furthermore, contact was established with the Morobe Provincial Government's Acting Administrator to discuss avenues to exchange information on SME to diversify into operations and products. Once such avenue is the current aim of the IPA to revive Provincial

MoU's with all Provincial Administrations in PNG.

PUBLIC RELATIONS UNIT

The following are the activities undertaken by the Public Relations in 2016.

1. Australia Papua New Guinea Business Forum and Trade Expo

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

The theme for this year's event was "Today's Investments, Tomorrow's Returns".

The Authority purchased an additional booth to enable SME's to exhibit their products. The booth was used by Tamani Beauty (skin care products) attended together with Work Permit Division of the Labor Department in place of Fairfax Souvenirs who pulled out at the last minute.

Superior Coffee was unable to attend due to visa issues but whilst on site the team was approached by Amanda Donigi of Stella Magazine to be accommodated at the IPA booth to promote her magazine.

2. E-newsletter

Since the beginning of the year, five (5) issues of the Opportunity newsletter were produced. The subscription list has continued to increase and the newsletter has continued to gain popularity.

3. Communications Strategy

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

The awareness activities were devised according to the Communication Strategy.

4. Provincial Awareness

The IPA Awareness and Provincial Outreach Program involved the roll out of awareness activities and seminars at the different provinces in the country inclusive of; Autonomous Region of Bougainville (Buin, Arawa and Buka), Milne Bay (Alotau International Hotel), Vanimo (Varmoneh Lodge), Manus (Lorengau, Sapau Haus) and West New Britain (Kimbe Bay Hotel). The program was rolled out in partnership with stakeholders such as Customs, Labour, Internal Revenue Commission, National Development Bank, SME Corporation, National Fisheries Authority and the respective Provincial Administrations, Governors’ Offices and Chambers of Commerce.



Participants listening carefully at the opening of the provincial awareness at Vanimo (Varmoneh Lodge)

5. Promotional Items

Under this project, the Unit ordered promotional items inclusive of caps, tote bags, T shirts, pens and wrist bands. The items were used as give-aways during roadshows.

6. Website

The IPA website has been continuously sought for investor and business related information. The Popular and reliable web traffic data and analytics website Alexa has ranked the IPA website as one of the top 5 Papua New Guinea websites.



Alexa internet, Inc is a California-based company that provides commercial web traffic data and analytics. It is a wholly owned subsidiary of Amazon.com.

The overall top 5 PNG websites in all categories are:

1. Skerah.com
2. BSP.com.pg
3. Postcourier.com.pg
4. Dwu.ac.pg
5. Ipa.gov.pg

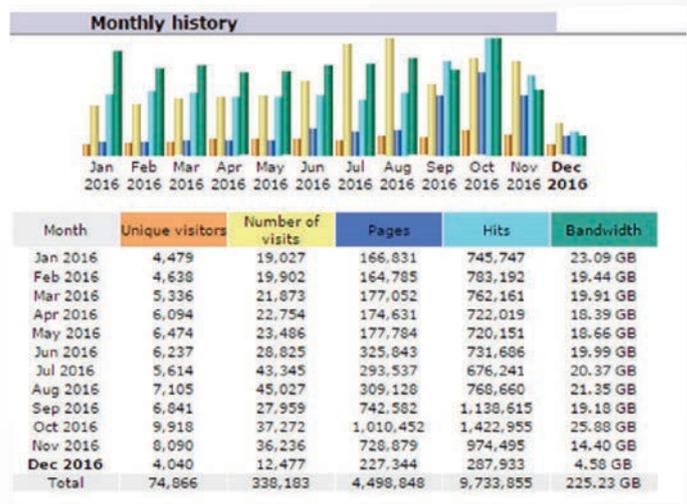
In the specific categories, the top PNG websites for each category are as follows:

- Arts and Entertainment- Skerah.com
- Business and Economy- bsp.com
- Education – dwu.ac.pg
- Government – ipa.gov.pg

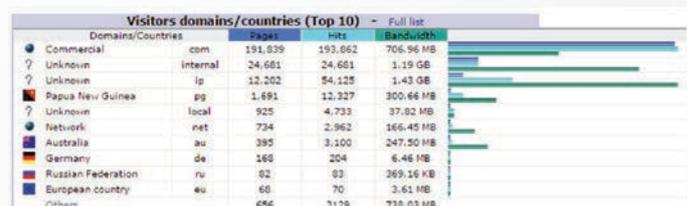
The website has also been awarded a Server Security License certificate to assure our client that they can trust our website. This certificate proves that the servers are up to the highest standard and serves to gain online clients the confidence to do payments online when doing business with the IPA. This is visible through the PG sign after the full name when you type the web address.

6.1 Website hits and Statistics

The following are statistics from the months of January to December 2016:



Countries by which traffic is coming from



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

Search Keywords (Top 10) Full list		
122 different keywords	Search	Percent
ipa	107	12.9%
png	103	12.4%
investment	86	10.4%
promotion	83	10%
authority	76	9.2%
www.ipa.gov.pg	33	3.9%
company	23	2.7%
search	21	2.5%
http	14	1.6%
business	14	1.6%
other words	266	32.2%

7. PNG Investment Summit

The Papua New Guinea Business Summit 2016 was held at the Brisbane Convention Centre in Brisbane Australia from the 1st- 2nd September 2016. The IPA was a silver sponsor of the event. Benefits included; copies of online flowcharts in all delegates' bags, full page advertisement in the conference program booklet, IPA logo included on all key event signage's and hyperlinked logo on conference website, access to VIP Lounge and one complimentary registration to the summit.

Former Managing Director Mr. Ivan Pomaleu did a presentation on the investment climate of PNG and the business reforms undertaken over the last years to improve the business environment in the country. The IPA also invited Foster Moore to present on the online registry system alongside Mr. Pomaleu. The registry presentation was done by Mr. Justin Haygate.

8. Organizing of the E-Commerce in SME Summit

The E-Commerce in SME Summit was organized by the IPA in partnership with the ABAC PNG, PNG Business Council and the PNG APEC Authority.

The summit was the third event for the ABAC 2 meeting hosted by ABAC PNG. The IPA was asked to facilitate participants' registrations for the E Commerce in SME Summit and ticket bookings for the 13 facilitators of the Summit. More than 800 participants were registered for the event.

The database compiled for this purpose has been utilized for the newsletter subscription list.

9. Invest in PNG Magazine

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

10. DVD Updating

The first draft of the updated DVD has been received. Comments and feedback from management will be reverted to the producers for the second draft.

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

RESEARCH & INFORMATION UNIT 2016 ANNUAL REPORT

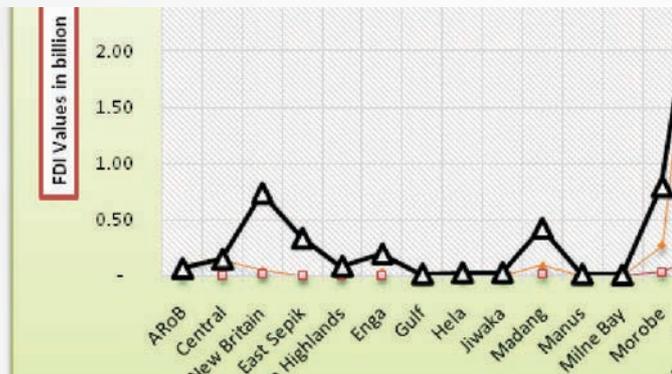
1. FOREIGN CERTIFICATION DATABASE 2016

The unit continues to collect and maintain the Certification Database with an aim to provide economic data and an overview of investment trend. The data is collected through registration approvals for the year and data collected quantifies foreign direct investment values and associated employment creation.

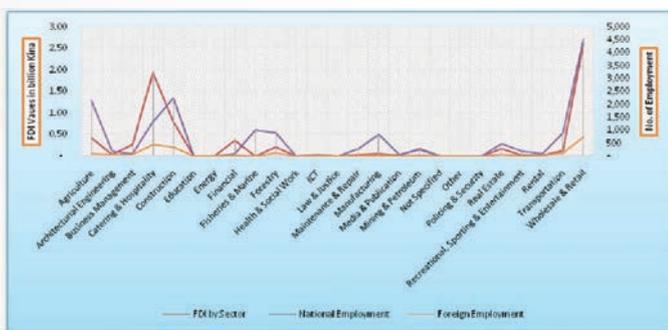
The table and graphs below summarizes the number of approvals, FDI values and total employment as at the conclusion of December 2016.

NO. OF APPROVALS, TOTAL FDI'S AND TOTAL EMPLOYMENT			
Application Types	No. of Approvals	Total FDI Values (pgk)	Total Employment
Certification	467	6,621,518,567.41	12,388
Re-Certification	41	0	0
Re-Certification & Variation	14	76,978,208.60	657
Variation	312	624,453,340.33	5198
Appeal	20	3,291,810.00	0
Cancellation	6	0	27
Total Approvals	860	7,326,241,926.34	18,270

Graph 1: FDI Values, Employment and Approval Trends as at December 2016



Graph 2: FDI and Employment Trends by Sector as at December 2016



2. PROVINCIAL DATABASE SURVEY AND SPOT INSPECTION

Two Provincial Database Surveys and Spot Inspection exercises were conducted in 2016, in National Capital District (NCD) and East and West Sepik Provinces.

The NCD exercise was conducted from 1st March to 22nd April 2016. Regulatory administrative fees and penalty fines were imposed amounting to K 1, 318, 500.00.

The East and West Sepik exercises were conducted from 31st October to 18th of November 2016. Again, regulatory administrative fees and penalty fines were imposed amounting to K 232, 000.00.

The fees were collected from non-compliant National and Foreign companies. The fees were collected mainly from Foreign Certification, Annual Returns and Variations including Operating Locations and Business activities.

A Penalty Matrix containing discrepancies and legal justification of Annual Returns and Certification Matters was compiled and submitted to Legal and Compliance Unit (LCU) and Certification Unit to follow-up

through letters to ensure the remainder of the total penalty fines are fully paid by penalized companies. The final report on NCD, East and West Sepik Provincial Database Survey and Spot Inspection exercise was submitted to the IPA Board and cleared.



Spot inspection exercise carried out in Vanimo on Foreign Direct Investment

3. IPA PROVINCIAL MOU PROGRAM

A number of MOUs with Provincial Administrations have been proposed and rejuvenated including the following provinces: Madang, Milne Bay, Sandaun, East Sepik, West New Britain, Manus and Morobe.

The MOU with Madang Provincial Administration is now signed while all others are progressed and planned to be signed in 2017 including, West New Britain and Milne Bay and others to follow.

4. BUSINESS LICENSE INFORMATION SYSTEM (BLIS)

BLIS project is completed and is pending publication. BLIS contains information on license issuing agencies and their licensing, permits, approvals, certification requirements and compliance processes to existing and potential investors, both, national and foreign enterprise operating or wishing to operate in PNG.

The Authority aims to co-publish BLIS document in collaboration with licensing agencies. Hence negotiation is underway with licensing agencies for sponsors for the publication and so far Bank of PNG has donated K5000. Also, the Authority has established dialogue with private partners for possible co-publication of the BLIS document.

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

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

Summary of Program Outcomes

In 2016 the IPO continued to carry out its mandated functions and continued work on its program priorities outlined under the IPA Strategic Plan. The key program priorities for 2016 were:

- a) National Intellectual Property Plan;
- b) Amendments to all Intellectual Property legislations particularly Trade Marks Act Ch.385, Patents & Industrial Designs Act & Copyrights and Neighbouring Rights Act
- c) Accession to Madrid Protocol and Berne Protocol
- d) Fee increases on Regulations of the Trade Marks Act (Ch.385) and Patents & Industrial Designs Act 2000.
- e) Continuing on improving systems and processes;

The Office however, began substantive work on only a few of these programs during the year with the intention to give focus and priority to completing these programs. The Office focused on the National Intellectual Property Plan, the Amendments to the IP legislations as well as the Fee Increases exercise and accession to Madrid and Berne conventions.

1. Programs

i) National Intellectual Property Plan

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

stances peculiar to the country while at the same time incorporating international obligations.

The work started in 2009 and in 2010 the first draft was produced with the assistance from the World Intellectual Property Organization. However the matter was not progressed to finalization by the office due to a number of constraints. In 2016, the matter was considered one of the key priority areas and work began with the internal review of the document in the first quarter of the year. This was followed by external consultations with relevant stakeholders in the second quarter.

These stakeholders were Research Science Technology Secretariat, PNG Customs, National Cultural Commission, ICCC, The Police, Manufacturers Council and the Department of Trade, Commerce and Industry (WTO Branch). Further consultations will be undertaken this year and the document will be finalized.

ii) IP Law Amendments

Reviews of IP Law Amendments continue to be a key priority. Reviews included extensive review on Trade Marks & Geographical Indications Bill (Proposed Amendments to Trade Marks Act Ch.385) and the Patents and Industrial Designs Bill (Proposed amendment to the Patents and Industrial Designs Bill 2000). The reviews were completed and submitted to the Legal Officer to do the drafting and finalization of the amendments. This program will continue in 2017.

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

The Fee Increases exercise was completed in late 2014. After approval from the Board, the drafting and finalization of the fees was completed early this year which resulted in a submission made to the Minister responsible in the third quarter of this year. This program is therefore complete and is awaiting the government approval process before implementation of the new fees. A resubmission to the Minister is being worked on and this should be submitted in the first quarter of 2017.

iv) Accession to Berne Convention and Madrid Protocol;

Work began on the Accession to the Berne Convention and Madrid Protocol. The Berne Convention concerns Copyrights whilst the Madrid Protocol relates to Trademarks. This year some work was done on the Madrid Protocol in terms of the reviewing of the system in comparison to the current trademark system and will

continue next year 2017. Work on the Berne Convention however has been complete with a submission yet to be made to the Minister responsible.

v) Other ongoing work programs

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

a) Improvements to business systems and processes

Improvements to business systems and processes relates to constant initiatives to improving the present business process and systems in a bid to provide a more efficient and adequate intellectual property system for clients, stakeholders and the general public. This year saw substantive work under this work program particularly relating to the completion of the review and draft Trade Marks Manual, review and amendments to the IPOPNG website and upgrade to automation system, the Intellectual Property Automation System (IPAS). Work on the IPOPNG website has begun with engagement of the external web designer. It is envisaged the website project should be completed in the first quarter of 2017.

Digitization Project

The office commenced its Digitization project in April 2016 with the objective of scanning old files into the system. Two casuals were employed for 6 months to complete project however there remains a lot of work to be done. This project will continue in 2017 and additional manpower is required to complete the project.

Training for Industrial Property Automated System

There continues to be capacity building provided by WIPO in the management of the Automated system. In 2016, Manager IT and the Senior IP Registration officer undertook a training workshop in the Philippines and WIPO continues to build capacity to improve our systems and processes.

b) World Intellectual Property (IP) Day celebrations

The World IP Day is an annual event and therefore is an ongoing program carried out every year. The World IP Day is a day marked by the World Intellectual Property

Organization (WIPO) to promote the role of intellectual property in encouraging innovation and creativity. It is celebrated annually around the world by Intellectual Property Offices and related organizations/institutions and falls on 26th April of every year.

In line with the theme for 2016 which was focused on digital era. The theme was Digital Creativity: "Culture Reimagined". The Office embarked on awareness and decided to take the awareness to the University of Technology in Lae and invited secondary schools to participate. The awareness was also carried out in Port Moresby secondary schools.

Information on World IP Day and the theme to the general public was disseminated through the Publication of newspaper article and Radio commercials advertising the events and Production of World IP Day posters.



Gordons Secondary students are explained on the importance of Intellectual Property during the World IP day with the theme 'Digital Creativity: Cultural Reimagined: PNG inside digital era.

c) Training and development of Staff

This program is one of the areas which is ongoing. In 2016, there was only staff that began the Masters in Business Administration at the UPNG Campus and she will be completing the course this year.

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

2. Registry performance in terms of trademarks, patents and industrial Designs and Copyright queries

The Office continued to perform its registry functions in carrying out its usual business processes.

The industry property registry refers to the trademark, patent and industrial designs registry.

i) Trademarks

This year the Trademarks Unit received a total of 3,718 documents filed for all trademark matters. These included filing of new trademark applications, renewals, registrations and other documents and requests that all relate to trademark matters.

Form 4 (applications for registration of a trademark), Form 6 applications (applications for renewal of a trademark) and registration payments were largest volume of lodgments. It was also noted that the months of July, August and September received the largest volume of applications and/or requests for trademarks. The total revenue earned from these documents was K868,129.00.

Table shows that distribution of the total number of Trademark applications & requests received per month and the total revenue received from these documents.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Total No. of documents	259	391	318	280	234	224	350	558	342	248	254	260	3718
Total Revenue (K)	73,265	83,660	88,905	67,985	55,630	58,250	92,560	100,835	87,839	56,380	53,380	49,440	868,129

ii) Patents & Industrial Designs

Patent and Industrial Design (P&ID) Unit experienced fairly average level of activity during this year. The P&ID Unit received a total of 560 documents relating to both patents and industrial designs applications plus documents or requests concerning these matters. The total

revenue earned from P&ID was approximately K221,701.

Table shows that distribution of the total number of Patent & Industrial Design documents received per month and the total revenue earned from these documents.

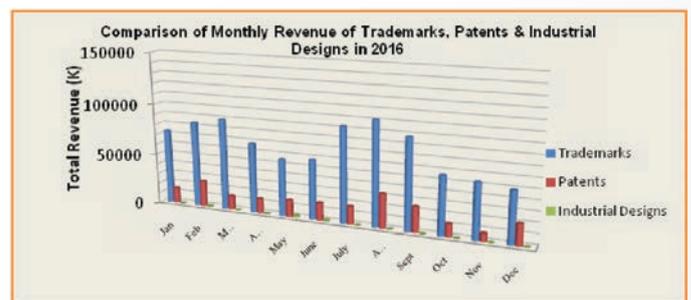
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Total No. of documents	40	67	39	24	59	53	45	76	50	51	15	41	560
Total Revenue (K)	15,341	25,560	13,440	14,330	18,280	18,600	17,320	33,170	24,650	12,520	7,710	20,780	221,701

iii) Revenues generated from trademarks, patents and industrial designs

This year was generally another satisfactory year for IPO in terms of revenue generation. The Office generated well over its expected revenues. IPO projected revenue was approximately K800,000 and the Office generated K1,089,830 in total revenue for 2016. This is considered a good performance for the Office.

Trademarks continued to be the highest revenue earner with over K800,000 earned from lodgments whilst patents and industrial designs generated over K200,000. This is illustrated in Figure 1, table showing the comparison in revenue of all three areas of IP. Note that the Office at present does not charge any fees for Copyright matters and therefore there is no revenue earned from Copyright matters.

Figure 1: Graph showing comparison of Revenue earned from trademarks, patents and industrial designs in 2016



iv) Copyright

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

During the year 2016, the Office received approximately 50 to 60 queries. In fact on average, the office receives

1 or 2 queries a week. The queries are either received through email or through counter enquiries. This year's queries varied from general copyright issues to specific copyright matters. The following are main form of queries received this year:-

- General copyright infringement issues;
- Literature related queries (translation issues, books, lecture notes, training manuals, business concepts, schemes and/or plans; production of pamphlets, brochures etc)
- Application of international treaty matters (Berne Convention);
- IT related queries (Computer software, computer protection, website protection, online content consent issues etc);
- Arts issues (painting, portrait, photographs etc);
- General queries including protection of copyright, copyright registration process)

3. Budget

IPO's forecasted budget for the year 2016 comprised of a revenue generation of K750, 000. This was constant throughout the year. The annual budget target was achieved.

Trademarks continued to be the highest revenue earner with over K800, 000 earned from lodgments whilst patents and industrial designs generated over K200 000. This is illustrated in Figure 1, table showing the comparison in revenue of all three areas of IP. Note that the Office at present does not charge any fees for Copyright matters and therefore there is no revenue earned from Copyright matters.

C. BUSINESS REGISTRATION AND CERTIFICATION DIVISION (BRCD)

1.0 OFFICES AND FUNCTIONS IN THE DIVISION

The Business Registrations & Certification Division is the largest of the seven divisions within the Investment Promotion Authority. Within the division, there are three different offices which are established by different legislations, one secretariat and two units. Except for the legal & compliance unit which provides legal services to all of IPA, each office performs very distinct regulatory functions. They are:

1. The **Office of the Registrar of Companies** established under the *Companies Act 1997* and which administers the powers and functions under the *Business Names Act* and the *Associations Incorporations Act*, and
2. The **Office of Registrar of Incorporated Business Groups** established under the *Business Groups Incorporation Act*,
3. **Office of the Registrar of Personal Properties Securities**, established under the *Personal Properties Securities Act 2011*,
4. The secretariat of the **Accounting Standards Board** as established under the *Companies Act 1997*, and
5. The **Legal & Enforcement Unit** of the *Investment Promotion Authority*.
6. The **Business Certification Unit** established under the *Investment Promotion Act 1992*.

The functions and services within the Division are therefore primarily public repositories of records, and regulatory. The Division is primarily the regulatory arm of the Investment Promotion Authority.

2.0 FUNCTIONAL INDEPENDENCE OF STATUTORY OFFICES WITHIN IPA

The Investment Promotion Authority houses a number of statutory offices which have independence in the performance of their mandated statutory powers and functions. Accordingly, whilst mandated with the powers and functions under the Investment Promotion Act of 1992, the Authority also provides the overall ad-

ministrative and management oversight for the other statutory offices and functions. While providing that oversight, the Authority also provides and maintains the environment for the various statutory offices and functions to maintain their independence on the functional decisions and actions. These arrangements and environment has worked out well largely due to the understanding and support from the Management and Board of the Authority.

3.0 REGISTRAR OF COMPANIES OFFICE

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

(a) IPA Strategic Plan 2015 - 2017

2016 has been the mid-year of the strategic plan and all work programs and activities were aligned to achieving the goals and objectives in the plan. The goal of the Division in the strategic plan; "To improve its service delivery and to have its registry services easily accessible by clients within Papua New Guinea and overseas". The work program for the duration of the strategic plan, including 2016 was to achieve the above goal. The improvement in the "ease of doing business report" by the World Bank in 2016 for Papua New Guinea was the result of the realignment of systems and processes in implementing the strategic plan.

(b) Work program world class customer service.

The 2016 work program was centered around the strategic plan 2015 - 2017. This year shows another implementation of several strategic goals including the amendments to Companies Act 2007, and the Companies Regulation 2015, the Business Names Act 2014 and Business Names Regulations 2015. These include the full implementation of the new fees all across the board in all services provided for by the Registrar of Companies, including companies and business names.

Significant efforts and investments were undertaken at the front counter, continuing from 2015, in terms of staff development to change the work culture and

ethics in line with the online registry infrastructure. This was done to ensure that our services are faster and efficient and a shorter turnaround time for service delivery is achieved. This involved better equipping the front counter with new equipment including scanners and printers, thereby changing the business environment. One counter was assigned to new Business Names application registrations. This saw a drastic improvement in the turnaround time for Business Names applications with clients lodging and waiting for ten (10) minutes for their certificates, since the end of October 2015 and continue into 2016.

(c) New Business Entities in 2016

There were 16,969 new entities registered in 2016. The table shows the types entities registered in each quarter.

Table 1: Shows the number of new entities registered in 2016.

Registry	New Entities 1st Qtr	New Entities 2nd Qtr	New Entities 3rd Qtr	New Entities 4th Qtr	Total number of new entities registered in 2016	Total Entities In the Registry, 2016
Companies	1,004	1,025	974	861	3,864	53,448
Business Names	3,040	3,249	3,062	2,858	12,209	119,645
Associations	133	166	162	127	588	6,968
Business Groups	48	78	58	124	308	4,628
Total Registered Entities	4,225	4,518	4,256	3,970	16,969	184,698

Before the Companies registry was switched to the online registry on the 29th November 2013, there were 114,977 registered entities. By the 31st December 2016, there are 184,698 entities registered, an increase of 69,721 entities in just three years. This is an average of 23,240 new entities per year.

The Table below provides the comparative analysis of the growth of new entities since the switching of the registry to a web base online registry.

Table 2: Shows the number of new entities registered in 2016.

Registry	Before Go live (29 November 2013)	Total Registered as at 31st December 2016	Growth	% of increases between 2015-2016
Companies	40,243	53,448	13,243	33%
Business Names	65,623	119,645	54,020	82%
Business Groups	3,564	4,628	1,064	29%
Associations	5,547	6,968	1,421	40%
Total	114,977	184,698	69,721	61%

d) Business Queues

As a result of continued investments in staff as well as realignments in the whole receipting and processing procedures, the queues were brought down to just 81 at the end of December 2016.

Table 3: Shows the reduction in queue within the 2015 financial year.

January 2015		31 December 2015	
Entities	Queue	Entities	Queue
Companies	4,355	Companies	867
Business Names	3,282	Business Names	3
Business Groups	186	Business Groups	0
Associations	272	Associations	23
Total	10,435	Total	893

Table 4: shows the reduction in queue within the 2016 financial year.

January 2016		31 December 2016	
Entities	Queue	Entities	Queue
Companies	867	Companies	81
Business Names	3	Business Names	0
Business Groups	0	Business Groups	0
Associations	23	Associations	0
Total	893	Total	81

(e) Deregistration exercises

No compliance exercises were conducted in 2016 due to the continuous implementations of the new online registry and the changes and investments made within the working environment. The online registry is designed in a way that the compliance is now an automatic service. When an annual return is due, the system automatically sends reminder messages to company directors. After the third reminder, the system automatically removes a company from the register.

The Registrar of Companies planned to conduct awareness all over the country in 2016 and to educate the general public and business owners of the new requirements of the law and the registry. In 2017, the Registrar will continue to conduct awareness to the general public before the automatic compliance is enabled in the registry system in the third quarter of 2017.

5.0 ACCOUNTING STANDARD BOARD

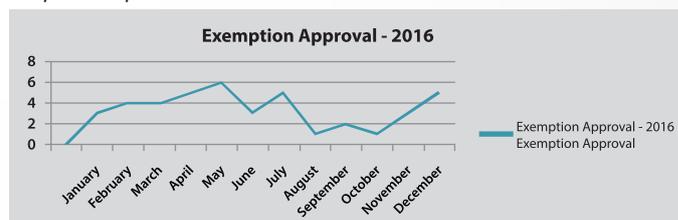
Accounting Standard Board (ASB) has been involved in the compliance and monitoring aspects public companies rather than policy making. In that, operations have been centered on the areas of exemption approvals, reporting currency changes, monitoring of compliance through financial statement examinations for all reporting companies including overseas companies. ASB has continued to assist the Registrar of Companies Office in review of annual returns and queue reduction exercises. The ASB was also involved in other duties including conducting an audit with the Department of Trade, Commerce & Industry on the business development issues and processes involving landowner companies on Lihir Island.

The ASB was not able to re-establish the ASB again after its expiration due to non approval of the submissions sent to the Honourable Minister for Trade, Commerce & Industry. The ASB will again submit to the Honourable Minister in 2017 to re-establish the board.

(a) Exemptions

In 2016, there were 41 onshore reporting exemptions issued. The approvals therefore relieved the concerned overseas companies from the statutory reporting requirements on their onshore operations accounts. ASB has seen reasonably consistent effort in improving the turnaround time and this effort has been applauded by the clients.

Graphical representation



(b) Approvals on Reporting Currency Changes

In line with the ASB Directive No.2 (ASBD2) the ASB Secretariat continued to receive and grant approvals on reporting companies seeking to change reporting currencies. The main category of companies seeking foreign currency report approvals were subsidiaries of overseas companies to be consistent with their reporting currency of their parent companies. The following indicates the month approvals in the 2016 financial year.

CHANGE OF REPORTING CURRENCY												TOTAL
JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
0	4	3	0	0	0	2	3	3	1	0	0	18

(c) Compliance and Monitoring Work

In collaboration with the Registrar of Companies Examination Team, compliance and monitoring work has been the main task of the ASB Secretariat in 2015. The main task for this work program is to ensure that audited financial statements that are lodged are consistent with relevant laws and the accounting standards.

Below figures depicts overseas reporting, local company financials reporting and change of balance date.

	Processed	Yet to be Processed	Total
Overseas Reporting AR	124	73	197
Local Reporting Companies AR	746	62	808
Change of Balance Date Approvals	156	24	180

(d) ASB Involvement in System Development Issues

The ASB Secretariat was also utilized in the area of system development of the Online Business Registry, especially in the user acceptance tests (UAT) after a new product is released in the registry by its suppliers.

(e) Ministerial appointment of ASB members pending

The term of the ASB expired in 2015. Submissions were made to the Minister for Trade, Commerce & Industry to reappoint the current board. However, the Honourable Minister is yet to appoint the board.

(f) Standard Setting Functions

In terms of Standards setting function of the ASB there has been a remarkable deviation from its work plan due to pending membership appointment at the ministerial level.

6.0 PERSONAL PROPERTY SECURITIES REGISTRY

The Treasurer, Hon. Patrick Pruaitch appointed the Registrar of Companies as the Registrar of Personal Properties Securities in January 2015 to implement the Personal Properties Securities Act 2011 (PPSA). Part XIII of the Companies Act 1997 was repealed and replaced it with the PPSA. The reform is called secured transactions reforms and is intended to make credit

easily accessible by pledging personal property as collateral to secure credit/finance from the banks and financial institutions.

2016 was the first year of implementation of the secure transaction reform. Clients were given 180 days to migrate charges data from the charges register kept at the Registrar of Companies Office. Within the 180 days transition period, clients with new charges applications were advised to use the new register. During the migration period, there 14,605 charges migrated to securities in the PPS Registry. Within the same period there were 2,087 new security interests filed within the same 180 day period.

There were 163 clients accounts open within the same period. Since then 14 clients have closed their account. 1 account is currently inactive and 163 accounts are still active.

Table 1. This table shows the number Clients Accounts

Client Type	Client Status	Count of clients
Administration	Active	4
Client	Active	139
Client	Closed	14
Client	Inactive	1
Client	New	4
Payment Intake	Active	1
		163

Table 2. This shows the number of filings undertaken by clients

Filing type	Filing class	Total Count
Notice of Execution Creditor	Initial	2
Notice of Pre-Existing Execution Creditor	Amendment	1
Notice of Pre-Existing Execution Creditor	Initial	16
Notice of Pre-Existing Security Interest	Amendment	326
Notice of Pre-Existing Security Interest	Initial	13790
Notice of Pre-Existing Security Interest	Termination	472
Notice of Security Interest	Amendment	108
Notice of Security Interest	Initial	1954
Notice of Security Interest	Termination	23
		16692

Note that 14605 charges were migrated to securities in the 180 days grace period.

In 2016, the PPS Registry in consultation with the Asian Development Bank (ADB) launched a pilot project in Kideng, Jiwaka Province through the Kideng Coffee Growers Association Incorporated. The Pilot project was to assist the coffee farmers to utilize PPS to secure finance to improve their coffee blocks and their wet factory.

7.0 CERTIFICATION UNIT

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

The Unit continued to perform the core function of administering the Certification process which involves appraising of applications by foreign enterprises to ensure that genuine investments are certified by the Investment Promotion Authority (IPA).

Due to continuous engagement of the senior management committee members on APEC matters, it was not possible to convene schedule Certification Management Meetings in 2016. Seven (7) meetings were convened in the year with a further fifteen (15) Circulars issued in lieu of meeting. Whilst there were only 7 meetings convened however, the quantities of matters for consideration per the agenda were large.

There were 375 new foreign companies issued with foreign enterprise certificates. Seventy Nine (79) companies whose licenses were cancelled previously were reissued with new certificates and further 309 applications were processed and approved for variation of the current conditions of license as well as data to include new information to the existing license conditions. Only 157 companies applied for diversification of business into new areas or businesses while 157 licenses were issued to existing companies to expand their current business to new operating locations.

2016 also show the largest increase in expansion of existing business to new locations and further diversification of new businesses in the last 6 years.

Table 1: Certification Applications and Related Variables for 2016

Type of Applications/Variables	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Total
Number of Meetings	2	2	2	1	7
Circulars	3	3	3	6	15
Certification Applications	10	87	128	150	375
Re-certification Applications	23	17	14	25	79
Variation Applications	84	61	103	61	309
Diversifications	25	35	59	28	147
Expansion	55	25	44	33	157
Others	4	1	0	0	5
Cancellations	0	1	5	0	6
Re-Instatement Applications	0	0	0	0	0

Table 2: Certification Applications and Related Variables 2016

Type of Application/Variable	2011	2012	2013	2014	2015	2016
Number of Meetings	23	20	9	1	8	7
Circulars	8	5	10	13	8	15
Certification Applications	224	300	269	268	443	375
Re-certification Applications	55	40	23	4	60	79
Variation Application	102	131	99	92	248	309
Diversification	39	40	24	126	11	220
Expansion	69	59	40	49	23	189
Others	6	5	20	90	2	5
Cancellations	32	23	603	12	6	6
Reinstatement Applications	8	1	1	4	0	0

Key:

- *Re-Certification – Certified enterprises that formally advise of a change in the shareholding structure that is 10% or more in any given (12) month period or 25% since Certification.*
- *Diversification – Certified enterprises that formally request to diversify their business activities.*
- *Expansion – Certified enterprises that formally request to expand their operating locations.*
- *Others – Certified enterprises that formally request for an extension of time in which to conduct business or for a change of company name.*
- *Re-Instatement – Foreign enterprises that apply for Certification after the IPA Certificate was cancelled.*

Please note that it is possible for Re-Certification applications to include requests for Diversification, Expansion and Others.

8.0 LEGAL & COMPLIANCE UNIT

The Legal Unit provides the legal services to the Registrar of Companies and all of the Investment Promotion Authority. The Unit is headed by a Deputy Registrar of Companies, who is a lawyer by profession. Apart from provision of general legal advisory services to Registrar, Board and Management of the Authority, the unit is also involved in litigation, investigation matters, dealing with issues relating to disputes within entities and conveyance.

8.1. Status of Litigation matters

There were only five litigation matters involving the Registrar of Companies and the IPA. Four matters relate to company matters and one matter relates to an appeal against the

decision of the Authority to cancel and foreign enterprise license against a company. There were other matters which the Registrar of Companies or IPA were joined only as nominal defendants.

8.2. Status of Investigation Matters

Total matters under investigation have now increased to ninety three (93) because of the Sport Inspection exercise carried out by IPA last year. These investigation matters include breach of the Investment Promotion Act 1992 and the Company Act 2009.

We have not actually carried out prosecution exercise which we intend to start next year (2017).

8.3. Disputes within Companies

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

Currently, the Unit is dealing with over 10 cases involving disputed records. Some are resolved internally but others go to Court in which case we have to defend our decision.

8.4. Asset Management

There are thousands of properties owned by defunct companies throughout the country and only few are brought to our attention out of necessity by the interested parties. Since the Asset Management Unit is yet to be established and fully staffed, we are dealing with each matter on an ad hoc basis. Currently there are five (5) matters going through the conveyance process.

D - SECURITIES COMMISSION

1.0 Background

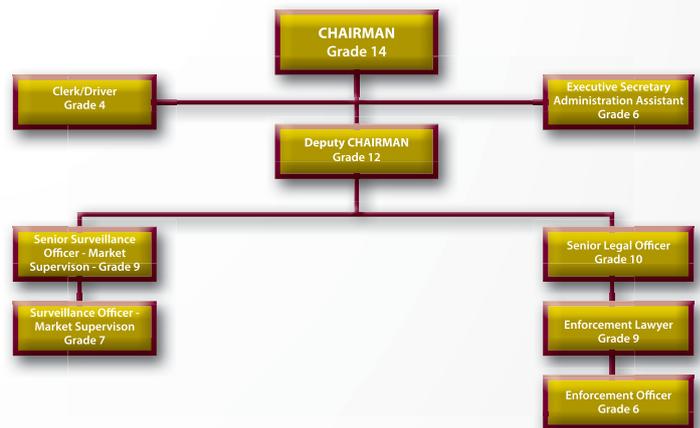
The Securities Commission of Papua New Guinea was established in 1998 by the Securities Act 1997. Since its establishment in 1998, the Commission has been housed within the Business Registration & Regulation Division within the Investment Promotion Authority. In 2008, the Department of Personal Management approved a mini-structure to establish the Commission as a division of its own within the Investment Promotion Authority. It is located on the Level 2, IPA Haus, Munidubu Street (Corner of Lawes Road & Champion Parade), Konedobu, National Capital District.

Organizational structure

The current organizational structure provides a staff ceiling of nine staff. However, at the moment the Commission has seven fulltime staff.

Below in the current organizational structure of the Securities Commission within the IPA structure.

SECURITIES COMMISSION OF PAPUA NEW GUINEA DIVISION



2.0. Strategic Plan 2015-2017

The IPA board approved the IPA Strategic Plan 2015 – 2017. The main goal for the SCPNG under the Strategic Plan is to “provide a high quality and competitive market infrastructure for investors to trade freely, fairly, efficiently and transparently in a risk free market”. To achieve the above goal, the SCPNG sets seven major objectives.

They are:

- Submission to Treasury for funding and allocation of budget code;
- Submission to DPM (SCMC) for approval of an independent organizational structure;
- Repeal and replace the Securities Act 1997;
- Signatory to IOSCO MMOU
- Reform the PNG Securities Market; and
- Develop a Capital Market Master Plan

2016 was the mid- year in implementing the IPA Strategic Plan 2015-2017. The SCPNG continues in implementing the strategic plan. Work on researching and drafting of Regulations for the three securities bills passed by Parliament in 2015, a new takeovers code to replace the current and guidelines to give effect or implement the above laws took greater part of 2016. Further work done to progress towards the finalization of the IOSCO Multilateral Memorandum of Understanding (MMoU).

The above work programs were not continued in the fourth quarter of 2016, when the Honourable Richard Maru, Minister for Trade, Commerce & Industry revoked the appointment of the Acting Chairman.

3.0. OPERATIONS

3.1. Market Supervision

There has been less market supervisory role played by the Commission over the Port Moresby Stock Exchange, the stock brokers and other market intermediaries, due to lack of powers under the Securities Act 1997.

The Commission received a regulatory audit report from Port Moresby Stock Exchange, on its systems and processes to ensure it is compliant with the best international standards and practices. The Report provides that the systems and processes placed at POMSoX are in part with any stock exchanges globally.

There was no new Initial Public Offerings (IPO), takeovers, mergers or acquisition on the market last year.

3.2. Unit Trust

The Unit Trust industry appears to be a vibrant industry. Pacific Balance Fund appears to be performing very well with its net asset value for the 2016 stands at more than K616 million. The Commission held discussions with three other companies interested in developing a unit trust scheme and a property trust scheme.

3.3. New Securities Bills

Parliament passed the three new Securities Bills, (a) Securities Commission Act 2015; (b) Capital Market Act 2015; and (c) Central Depositories Act 2015 on 27 October 2015. The Securities Commission Act 2015 repealed the Securities Act 1997. Two have been certified by the Speaker of Parliament but yet to come into effect pending the regulations. The third bill is expected to be certified by the Speaker.

The Commission is currently drafting new Regulations for the above Bill and a new Takeovers Code under the Capital Market Act 2015. The current Takeovers Code has been repealed by the Securities Commission Act 2015.

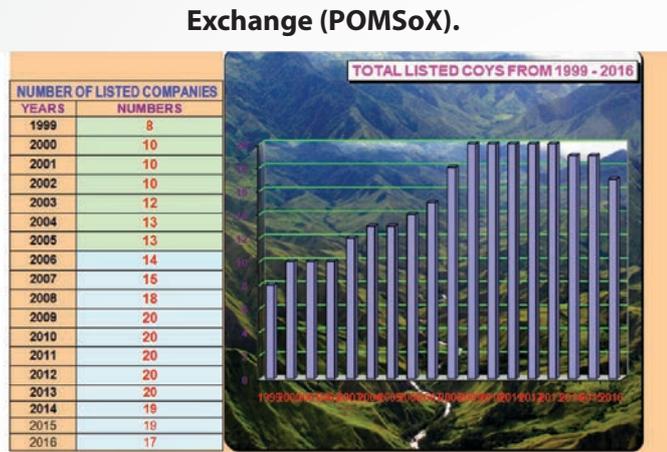
4.0 MARKET PERFORMANCE

4.1. Background

Over the past sixteen (16) years, the market has grown slowly in terms of market size since 1998. The number of companies has increased by 150% from just eight (8) in 1998 to as high as 19 companies in 2011. Currently there are 17 companies listed on the Port Moresby Stock Exchange with 19 Securities. Six (6) are primary listed while thirteen companies 13 are dual or cross listed across major exchanges in Australia, UK, Unites States and Canada.

Market has been illiquid for a long time. Less than 20% of all listed companies appear to see some movements in their liquidity. The rest of the stocks listed have not been adding any value on the market.

Figure 1.0: Shows the trend of the number of companies from 1999 to date on the Port Moresby Stock



4.2. Market Participants

Within our capital market, we have one stock exchange which is the Port Moresby Stock Exchange (POMSoX) and two participating organizations or stock brokers namely;

- (i) *Kina Securities Limited*
- (ii) *BSP Capital Limited*

There is one company acting as the share registry in our capital market namely, "PNG Registries Ltd" in which most of the off market trades (OTC) are conducted.

4.3. Market Report

4.3.1. Market Capitalization

The size of our Capital Market has increased exponentially over the years to K110 billion in 2010 and then dropped to K66 billion in 2016.

Market Capitalisation is the value of all the shares listed on the Port Moresby Stock Exchange. In other words, there is K66billion worth of shares that can be converted into cash easily held at the Port Moresby Stock Exchange.

Table 1: Provides the market capitalization of the Port Moresby Stock as at 31st December 2016.

MARKET CAPITALISATION AS AT 30TH DECEMBER 2016						
No.	CoY	NO. ORDINARY SHARES	%	LAST PRICE	CAPITALISATION	PERCENT
1	COY	149,575,650	2.28%	0.10	14,957,565.00	0.02%
2	IOC	28,609,361	0.44%	90.00	2,574,842,490.00	3.89%
3	IDC	879,645,446	13.43%	0.00	0.00	0.00%
4	NCM	765,000,000	11.68%	46.00	35,190,000,000.00	53.14%
5	NIU	435,114,690	6.64%	0.02	8,702,293.80	0.01%
6	NGE	846,941,193	12.93%	0.00	0.00	0.00%
7	BSP	475,102,760	7.25%	9.00	4,275,924,840.00	6.46%
8	CGA	223,000,000	3.40%	0.15	33,450,000.00	0.05%
9	CCP	313,818,068	4.79%	1.90	596,254,329.20	0.90%
10	CPL	123,359,532	1.88%	1.00	123,359,532.00	0.19%
11	HIG	689,712,148	10.53%	0.19	131,045,308.12	0.20%
12	KAM	45,653,330	0.70%	0.97	44,283,730.10	0.07%
13	KPL	75,778,575	1.16%	0.40	30,311,430.00	0.05%
14	KSL	97,000,000	1.48%	2.70	261,900,000.00	0.40%
15	NGP	45,890,700	0.70%	0.60	27,534,420.00	0.04%
16	OSH	1,324,330,514	20.22%	17.12	22,672,538,399.68	34.24%
17	SST	31,008,237	0.47%	5.00	155,041,185.00	0.23%
18	BSPHA	3,021	0.00%	26,500.00	80,056,500.00	0.12%
	TOTAL	6,549,543,225	100.00%		66,220,202,022.90	100.00%

4.3.2. Market Performance

(a). Trading.

While the Market Capitalisation stands at K66 billion, there has been a lack of interest over the years by investors in trading their shares on the market. For example, there was only 1,791 trades in 2016 with a value K23,649,339.29.

In 2015, there was 2,920 trades with a value of K102,354,184.30.

There are only few active stocks that are traded regularly, which include BSP, Credit Corporation Limited, City Pharmacy Limited, Kina Asset Management Limited and Oil Search Limited.

The Commission is optimistic that the performance of the market will improve once the three new bills are implemented.

Figure 2. Total Trades of Stocks (buy and sell) in 2016

TOTAL TRADES FROM 1999 - 2016													
MONTHS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1999						4	9	20	38	30	40	29	170
2000	37	17	49	47	19	35	59	27	39	46	40	27	442
2001	25	18	25	12	38	11	19	29	9	59	45	71	361
2002	84	97	73	24	93	42	65	123	121	124	130	71	1,047
2003	138	152	74	44	55	61	84	64	99	102	102	84	1,059
2004	132	122	192	90	108	81	69	163	180	207	169	128	1,641
2005	244	224	132	184	210	179	190	294	181	179	298	398	2,713
2006	540	565	510	351	507	371	535	439	426	398	353	448	5,443
2007	478	362	406	337	361	333	583	426	421	456	693	610	5,466
2008	640	507	515	643	520	546	1052	1225	642	1072	495	383	8,240
2009	624	642	390	547	389	558	563	412	510	523	494	530	6,182
2010	458	442	404	336	378	408	346	367	450	418	470	530	5,007
2011	471	563	459	357	394	403	468	378	420	458	330	253	4,954
2012	399	431	394	350	389	252	279	383	365	376	318	314	4,250
2013	291	279	493	228	309	291	264	218	314	286	309	176	3,458
2014	313	242	276	228	353	285	356	276	303	450	342	220	3,644
2015	291	285	308	157	245	221	178	248	307	252	262	166	2,920
2016	178	149	146	166	89	133	134	139	158	220	161	118	1,791
TOTAL	5,343	5,097	4,846	4,101	4,457	4,214	5,253	5,231	4,983	5,656	5,051	4,556	58,788

(b). Volume of the Trades

Volume is the number shares traded on the market by investors or shareholders of listed companies. There were 6,452,543,225 shares listed on the Port Moresby Stock Exchange. Out the totals shares listed or on issue to the public, 11,056,440 shares were traded on the Port Moresby Stock Exchange in 2016.

The table below shows the summary of trading on the Port Moresby Stock Exchange in the 2016 financial year.

SUMMARY OF 2016 MARKET PERFORMANCES									
TRADING				MARKET SIZE				WEIGHTINGS (%)	
STOCKS	TRADES	VOLUME	TURNOVER	SHARES	PRICE	CAPITALISATION	PERCENT	SHARES	TURNOVER
BSP	774	1,809,687	14,684,146.04	475,102,760	9.00	4,275,924,840.00	6.46%	0.38%	0.34%
CCP	287	1,749,916	3,047,583.64	313,818,068	1.90	596,254,329.20	0.90%	0.56%	0.51%
CGA	1	487,537	73,130.55	223,000,000	0.15	33,450,000.00	0.05%	0.22%	0.22%
COY	0	0	0.00	149,575,650	0.10	14,957,565.00	0.02%	0.00%	0.00%
CPL	45	1,476,722	1,605,359.13	123,359,532	1.00	123,359,532.00	0.19%	1.20%	1.30%
HIG	114	4,808,026	997,725.53	689,712,148	0.19	131,045,308.12	0.20%	0.70%	0.76%
IDC	0	0	0.00	879,645,446	0.00	0.00	0.00%	0.00%	0.00%
IOC	0	0	0.00	28,609,361	90.00	2,574,842,490.00	3.89%	0.00%	0.00%
KAM	27	52,349	51,105.74	45,653,330	0.97	44,283,730.10	0.07%	0.11%	0.12%
KPL	0	0	0.00	75,778,575	0.40	30,311,430.00	0.05%	0.00%	0.00%
KSL	91	346,203	878,663.00	97,000,000	2.70	261,900,000.00	0.40%	0.36%	0.34%
NCM	0	4,366	176,503.00	765,000,000	46.00	35,190,000,000.00	53.14%	0.00%	0.00%
NGE	0	0	0.00	846,941,193	0.00	0.00	0.00%	0.00%	0.00%
NGP	3	9,500	5,700.00	45,890,700	0.60	27,534,420.00	0.04%	0.02%	0.02%
NIU	0	0	0.00	435,114,690	0.02	8,702,293.80	0.01%	0.00%	0.00%
OSH	370	309,076	5,000,384.29	1,324,330,514	17.12	22,672,538,399.68	34.24%	0.02%	0.02%
SST	0	0	0.00	31,008,237	5.00	155,041,185.00	0.23%	0.00%	0.00%
BSPHA	15	192	1,593,500.00	3,021	26,500.00	80,056,500.00	0.12%	6.36%	1.99%
TOTAL	1,727	11,053,574	28,113,801	6,549,543,225	26,675	66,220,202,022.90	100.00%	9.92%	5.62%

TOTAL SHARES FOR ACTIVE STOCKS	6,549,543,225
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MKT CAP FOR ACTIVE STOCKS	66,220,202,022.90
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PERCENT	9.92%	5.62%
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5. Summary

In Summary, the final outlook of the market performance saw a decline in activities. There were no new activities on the market in 2016. The table below provides the summary of the performance of the Port Moresby Stock Exchange in 2016.

OVERVIEW

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

DIVISIONAL CORPORATE OBJECTIVE

Its primary objective is to provide the resources required by the other business units of the IPA mandated to provide investment promotion and facilitation services.

As part of this support, CSD delivers an annual training program for the IPA, recruitment, budget and accounting services, IT support and administration assistance to the Authority. As a support division, Corporate Services undertook principle carriage of the following programs which benefited both the staff and the organization as a whole.

1. POLICY WORK

A number of key policies for the Authority were undertaken and concluded in 2016.

They include;

- Staff Transport Policy
- Staff Land And Sea Transport Policy
- Staff Home Ownership Scheme Policy
- Information Technology Policy

2. ONLINE REGISTRATION SYSTEM (ORS)

The establishment and completion of the online project cost K4 Million and was launched in November 2013.

All registry services are now web based; company registration and foreign company certification and forms can now be obtained and lodged online. In 2014 and 2015, the Information Technology Unit did a lot of work in consultation with the software vendor on teething issues associated with the new system.

Residual issues relating to the revised Companies Act and Regulation was completed in late 2015 for new forms and fees to be lodged and paid online in 2016. In September 2015, Catalyst, the ORS software System software was upgraded from version 1.6 to version 2.2 by replacing one of the application software called Tomcat with JBOSS. This upgrade has stabilized the ORS.

Another new production release 1.2.4 was installed

on the 7th October 2016 to fix the incident problems reported with amended new company forms.

Teething problems with the new system eased in 2016 and the IT team is now comfortable with managing the new system in consultation with the software vendor.

The following table shows number of payment basket transactions for credit card payments (online lodgments) and Deposit account payments has improved significantly in 2016 and reduction of other basket transaction for offline payment such as cheque payments and receipt of payments and EFTPOS payments at IPA front counters.

Description	Year			
	2013	2014	2015	2016
Cheque Payment	214	2501	3005	1430
Waive Fee Payment	326	2630	2548	3293
Receipt Of Payment	1023	21828	17001	11873
Account Payment	21	207	798	2706
Credit Card Payment	60	778	1690	5687
Eft Payment	211	5979	8806	7816

IPA has signed Software and Hardware support agreements worth K443, 685 with various vendors to support ORS IT infrastructure. Cost for other Software support Licenses such as Attaché, Loan performer, Peachtree were renewed together with Telikom SLA was at K34, 205.

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

3. TELEPHONE SYSTEM UPGRADE

New PABX system has been in operation since 2nd March 2016 with Closed User Groups (CUG) and Least Cost Routing enabled. A Service Level Agreement is signed with Telikom on the 21st December 2016 to support the system.

4. ANNUAL TRAINING PROGRAM

The authority had a budget of K100, 000 for training and continued education activities. The main thrust of the training plan continues to be skills enhancements, qualification upgrade ranging from master degree

to certificate courses both on short and long term basis. Notable individual training achievements in 2016 include:

- Completion of Bachelors Degree in Management, Divine Word University
- Completion of Diploma in Management, Divine Word University
- Completion of Diploma in Government (Management), Canberra Institute of Technology, Australia
- Diploma in Economic Policy Analysis, National Research Institute

Ongoing activities were recorded for the following skills upgrading training where staff trained in groups ranging from six (6) to thirty (30) people;

- PNG Public Service Induction
- Business Writing Skills
- Secretarial Skills Refresher
- Time Management & Personal Effectiveness

Selected staff also undertook specialized donor funded trainings and workshops in the following areas;

- Capacity Development for Export & Investment Promotion/JICA
- Trade Related Aspects of IP Rights/WTO
- Legal Framework for Foreign Direct Investment/JICA
- Foreign Service training/NZ Government

5. PERSONNEL AND PAYROLL

The IPA continues to depend on a reliable and motivated staff across 7 business units ranging from investment promotion and facilitation services to the driving and ancillary support.

Staff and payroll statistics for 2016 are in the table as shown ►

Staff and payroll statistics - 2016	
Approved Staff Ceiling	148
Staff on Strength	117
Permanent Staff	104
Unattached Staff	1
Casual staff	12
Total on Payroll	117
Vacancy	26
Staff Movements	
Recruitment	3
Resignation	4
Retirement	0
Termination	2
Death in service	0

6. AUDIT

The Investment Promotion Authority is one of the few government organizations that have the timely audit of its financial record up to date. Audit qualifications raised in the 2015 audit were addressed in 2016 and corrective measures were taken in relation to travel acquittals otherwise it was a clean audit report for the IPA. Preparations for the audit for the financial year 31 December 2016 are underway. The Auditor general has cleared it from its end which is attached.

7. BUDGET/ FINANCIAL PERFORMANCE

The Authority continues to rely heavily on its internal revenue to fund its operations. The key revenue earners include Company Registration fees, Foreign Company Certification fees and the Intellectual Property Registration fees. New fees under the revised Companies Act were effected in February 2016 which had a positive effect on the overall financial performance of the Authority in 2016.

8. STAFF WELFARE SCHEME

The IPA Staff Welfare Scheme is an asset for the Authority and continues to provide small loans to staff to meet school fee needs and other urgent financial needs. It has over the years proven its value to the organization as it cuts down the time required for staff to seek financial assistance outside of the office hence staff spends more time attending to their work. The interest rate is minimal and varies with different packages of loan.

The Scheme apart from loan assist in other benefits like the Christmas bonus, farewell, funeral assistance and staff functions.

9. OFFICIAL FUNCTIONS

The division coordinated the successful staging of the first Mass Wedding Ceremony for staff of the IPA giving prominence to staff welfare considerations which are important and have a bearing on staff performance which ultimately affect the organizations performance. IPA sees family stability as a most basic foundation of life that gives support and comfort in pursuing daily challenges. This year love was in the air with Ten couples formally wed and received certificates.



Above depicts the 10 couples with their marriage certificate.

9.1 PR Events

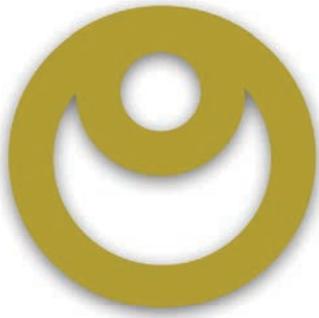
IPA has received the Human Resource Award for Best Public Sector Employer twice in a row this year 2016 and in 2015 awarded by the independent Institute of, PNGHRI.

The Executive manager of HRI is awarding the award to IPA and received by the IPA management, and Board Members.



FINANCIAL CONTENTS Pages:

Audit Report	35
Auditor's Report	36 - 37
Declaration by Management.....	38
Statement of Income & Expenditure.....	39
Balance Sheet.....	40
Cash Flow Statement.....	41
Statement of Changes in Equity.....	42
Notes to and Forming Part of the.....	43
Financial Statement.....	44 - 48
Appendices.....	49 - 57



INVESTMENT PROMOTION AUTHORITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31st DECEMBER 2016



AUDITOR GENERAL'S OFFICE
PAPUA NEW GUINEA

Phone: (+675) 3012200 Fax: (+675) 325 2872 Email: agopng@ago.gov.pg Website: www.ago.gov.pg



16 JUN 2017

The Managing Director
Investment Promotion Authority
PO Box 5053
BOROKO
National Capital District

Date: 9 May, 2017

Our Reference: 30-71-4

Action Officer: P. Aipe

Designation: a DCA

Your Reference:

Dear Sir,

**AUDIT REPORT ON
INVESTMENT PROMOTION AUTHORITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

I enclose a copy of the Auditor-General's report together with a copy of the certified financial statements for the year ended 31 December, 2016.

In accordance with *Section 63(2)* of the *Public Finances (Management) Act, 1995* please ensure that your organization furnishes to the Minister a report of your operations during the year ended 31 December 2016, together with the financial statements in respect of that year and the Auditor General's report thereon for tabling in Parliament as required under *Section 63(5)* of the *Public Finances (Management) Act, 1995*. A copy of such report when furnished to the Minister, should also be forwarded to this Office.

Kindly take note that *Section 63(6)* of the aforementioned Act also requires that when a report or financial statement of a Public Body is reproduced for publication or for other purposes, the report of the Auditor General shall be included in the reproduction.

Yours faithfully,

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

Level 6
TISA Investment Haus
Kumul Avenue, NCD

PO Box 423
WAIGANI, NCD
Papua New Guinea



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

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



Our Reference: 30-71-4

The Honourable Richard Maru, MP
Minister for Trade, Commerce and Industry
Office of the Minister
PO Box 375
WAIGANI, NCD

**AUDITOR'S REPORT ON
INVESTMENT PROMOTION AUTHORITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

In accordance with *Section 8(4) of the Audit Act, 1989 (as amended)*, I have audited the accompanying financial statements of **Investment Promotion Authority** for the financial year ended **31 December, 2016** as set out on pages **2 to 11**, which comprise the balance sheet as at 31 December, 2016, the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the *International Financial Reporting Standard* and *Section 63(4) of the Public Finances (Management) Act, 1995* and other statutory requirements. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and presentation of the financial statements that are free from material misstatements, whether due to fraud or error.

Responsibility of the Auditor-General

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

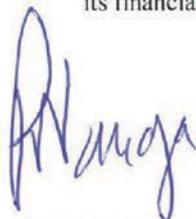
In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness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

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

AUDIT OPINION

I report that in my opinion:

- (a) the financial statements of the Investment Promotion Authority are based on proper accounts and records; and
- (b) the financial statements are in agreement with those accounts and records, and show fairly the state of affairs of the Authority as at 31 December, 2016, and the results of its financial operations for the year then ended.



PHILIP NAUGA
Auditor-General

9 May, 2017

DECLARATION BY MANAGEMENT

In our opinion, the Balance Sheet and Statement of Income and Expenditure together with the Notes to the Financial Statements for the Investment Promotion Authority have been drawn up so as to show fairly, the financial position and performance for the year ended 31st December 2016.

Except as disclosed, we are of the opinion that:-

- a) the results of the Authority's operations for the year have not been materially affected by items, transactions or events of an abnormal nature;
- b) no material circumstances have arisen which would render any amounts shown in the statements misleading;
- c) the current assets of the Authority are expected to be realised in the ordinary course of business at least the value at which they are included in the statements;
- d) Fixed Assets to the value shown in the statements were in existence as at 31st December 2016.



.....
LEON BUSKENS
Chairman

Date... 04/05/2017



.....
CLARENCE M HOOT
Acting Managing Director

Date... 04/05/2017

STATEMENTS OF INCOME & EXPENDITURE
for the Year Ended 31st December 2016

INVESTMENT PROMOTION AUTHORITY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31ST DECEMBER 2016

	Notes	2016 K	2015 K
INCOME			
Grant Income	2(a)	2,969,471	3,315,260
Others	2(b)	17,192,843	9,059,341
Total Operating Revenues		20,162,314	12,374,601
OPERATING EXPENSES			
Personal Emoluments		6,058,920	5,472,384
Travel and subsistence		122,734	137,902
Utilities		358,980	376,596
Office materials and supplies		304,594	311,710
Vehicle expenses		178,969	181,951
Administration consultancy		0	39,208
Property rental		3,686,252	3,641,377
Routine maintenance		29,281	39,663
Other Operational expenses		1,480,331	1,456,032
Board Expenses		174,196	100,394
Subscriptions and affiliations		70,747	96,350
Special projects		1,508,337	1,227,216
Grants/transfers - Public Authority		12,762	94,654
Total Expenditure		13,986,103	13,175,437
Net Profit/(Loss) before abnormal items		6,176,211	(800,836)
Less: Abnormal Items	7	0	0
Net Profit/(Loss) After Abnormal Items		6,176,211	(800,836)
Retained Earnings at the beginning of year		1,460,929	1,793,509
Adjustments recognised in the Statements	10	(229,993)	468,256
Retained Earnings as at the end of the year		7,407,148	1,460,929



BALANCE SHEET

As at 31st December 2016

INVESTMENT PROMOTION AUTHORITY BALANCE SHEET AS AT 31ST DECEMBER 2016

	Notes	2016 K	2015 K
ASSETS			
Current Assets			
Petty Cash		1,300	1,300
Cash at Bank	6	5,821,104	1,661,317
Prepayments and Other Debtors		80,850	127,042
Stock		55,425	66,430
Security Deposit		25,000	25,000
Investments in Fixed Term Deposits	9	3,747,523	625,842
Total current assets		9,731,202	2,506,930
Non-current Assets			
Motor Vehicle	3	327,182	490,947
Property Plant & Equipment	3	3,450,945	3,700,754
Furniture & Fittings	3	1,090,123	1,253,337
Office Equipment	3	827,904	889,232
Prepayments & Other Debtors		208,843	208,843
Total non-current assets		5,904,997	6,543,113
Total assets		15,636,199	9,050,043
Current Liabilities			
Creditors and accruals		2,463,694	1,718,518
Provisions	4	709,680	787,217
Total current liabilities		3,173,374	2,505,735
Non-current liabilities			
Provisions	5	1,165,348	1,193,049
Total non-current liabilities		1,165,348	1,193,049
Total liabilities		4,338,722	3,698,784
Net assets		11,297,477	5,351,259
EQUITY			
Government Grants and Reserves		3,890,330	3,890,330
Retained Earnings	11	7,407,148	1,460,929
Total Equity		11,297,478	5,351,259



CASH FLOW STATEMENT
for the Year Ended 31st December 2016

INVESTMENT PROMOTION AUTHORITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2016

	Notes	2016 K	2015 K
Cash flows from operating activities			
Cash receipts from customers		17,824,558	14,786,538
Cash paid to suppliers and employees		<u>(13,655,301)</u>	<u>(15,575,102)</u>
Cash generated from operations		4,169,257	(788,564)
Interest Received from investments in FTD		23,353	5,976
Net cash (used in)/from operating activities		4,192,610	-782,588
Cash flows from investing activities			
Proceeds from sale of assets		0	0
Purchase of property, plant & equipment	3	(31,042)	(600,299)
Payment of rental bond		0	(2,057)
Net cash (used in)/ from investing activities		(31,042)	(602,356)
Cash flows from financing activities			
Proceeds		0	0
Purchase of property, plant & equipment		3,120,000	602,356
Net cash (used in)/from financing activities		3,120,000	602,356
Net increase/(decrease) in cash and cash equivalents		7,281,568	(782,588)
Cash and cash equivalents at beginning of period		2,313,459	3,096,047
Cash and cash equivalents at end of period		9,595,027	2,313,459



**Statement of Changes in Equity
for the Year ended 31st December 2016**

**INVESTMENT PROMOTION AUTHORITY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2016**

	Notes	Govt Grants & Reserves	Retained earnings	Total
		K	K	K
Balance at 1 January 2015		3,890,330	1,793,509	5,683,839
Adjustment recognised in the statement			468,256	468,256
Net profit/(loss) for the period			(800,836)	(800,836)
Balance at 31 December 2015		3,890,330	1,460,929	5,351,259
Adjustments recognised in the statements	10		-229,993	-229,993
Net profit/(loss) for the period			6,176,211	6,176,211
Balance at 31 December 2016		3,890,330	7,407,147	11,297,477



Notes to and Forming part of the Accounts

**INVESTMENT PROMOTION AUTHORITY
For the Year ended 31 December 2016**

1. PRINCIPAL ACCOUNTING POLICIES

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

(a) Statement of Compliance

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

(b) Basis of Preparation

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

(c) Depreciation of Property, Plant and Equipment.

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

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

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

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

(d) Foreign currency conversions.

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

(e) Inventories

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

(f) Employee entitlements

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



Notes to and Forming part of the Accounts

INVESTMENT PROMOTION AUTHORITY
For the Year ended 31 December 2016

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(g) Government grants

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

(h) Provisions

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

(l) Cash flows

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

2. Income

	<u>2016</u>	<u>2015</u>
Total income consists of:-		
Government Grant	2,969,471	3,315,260
Other income	17,192,843	9,059,341
Total income	<u>20,162,314</u>	<u>12,374,601</u>
 2(a) Government grant consists of:-		
Ordinary grant	2,969,471	3,315,260
PIP and others	0	0
Total grant	<u>2,969,471</u>	<u>3,315,260</u>
 2(b) Other income consists of:-		
Certification fees	2,329,800	1,636,650
Company fees	13,380,393	5,905,203
Commission - Deregistered Co Receipts	58,110	
Sale of promotional materials/Publications	28,500	5,901
SCPNG Fees	349,800	0
Interest on FTDs	23,252	5,976
Intellectual Property Fees	1,000,915	1,485,087
PPSR Fees	13,300	0
Miscellaneous	8,773	20,525
 Total	<u>17,192,843</u>	<u>9,059,341</u>

The Authority receives annual grants from the National Government to help finance the annual work programs that it is mandated to implement. During the year, a total of K2,969,471.00 recurrent grant was received from the Government. Internal revenues generated amounted to K17,192,834



Notes to and Forming part of the Accounts
INVESTMENT PROMOTION AUTHORITY
For the Year ended 31 December 2016

3. Property, Plant & Equipment

	Motor Vehicle K	Computers K	Fixtures & fittings K	Office equipment K	Total K
at cost/revaluation:					
At 31 December 2015					
Gross carrying values - 1 January 2015	639,402	4,635,191	2,145,042	1,216,028	9,094,467
Add: Acquisitions during the year	441,836	471	8,885	149,107	600,299
Less: Disposals during the year	(141,495)	0	0	0	(141,495)
Add/(Less) Adjustments during the year	0	0	0	0	0
Gross carrying values - 31 December 2015	939,743	4,635,662	2,153,927	1,365,135	9,553,271
Less: Accumulated Depreciation	(448,796)	(934,907)	(900,590)	(475,903)	(2,760,196)
Net carrying values as at 31 December 2015	490,947	3,700,755	1,253,337	889,232	6,793,075
At 31 December 2016					
Gross carrying values - 1 January 2016	939,743	4,635,662	2,153,927	1,365,135	9,094,467
Add: Acquisitions during the year	0	0	0	31,042	31,042
Less: Disposals during the year	(154,903)	0	0	0	(154,903)
Add/(Less) Adjustments during the year	0	0	0	0	0
Gross carrying values - 31 December 2016	784,840	4,635,662	2,153,927	1,396,177	8,970,606
Less: Accumulated Depreciation	(457,658)	(1,184,717)	(1,063,804)	(568,273)	(3,274,452)
Net carrying values as at 31 December 2016	327,182	3,450,945	1,090,123	827,904	5,696,154

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

Cost/valuations - 1 January 2016	939,743	4,635,662	2,153,927	1,365,135	9,094,467
Accumm Depn - 1 January 2016	(448,796)	(934,907)	(900,590)	(475,903)	(2,760,196)
Net carrying values - 1 January 2016	490,947	3,700,755	1,253,337	889,232	6,334,271
Additions during the year	0	0	0	31,042	31,042
Disposals during the year	(10,327)	0	0	0	(10,327)
Adjustments during the year	(999)	(47)	0	0	(1,046)
Depreciation charge	(152,439)	(249,763)	(163,214)	(92,370)	(657,786)
Net carrying values as at 31 December 2016	327,182	3,450,945	1,090,123	827,904	5,696,154

During the year the Authority made a total purchase of K31,042.00.

The Authority carried a total net assets value of K5,696,154 as at 31 December 2016 (31 December 2015 was K6,334,270).

	2016 K	2015 K
4. Provisions (Current)		
Employee Entitlements (Note 5) (b)	384,552	437,662
Audit Fees (a)	38,500	77,000
Contract Gratuities	286,628	272,555
Total	709,680	787,217
(a) Audit Fees		
Opening balance	77,000	115,500
Provision created	38,500	38,500
Less: Payments made against the provision	(77,000)	(77,000)
Closing balance	38,500	77,000
(b) Employee Entitlements		
Opening balance	437,662	368,165
Increase/(Decrease) in Provision	(53,110)	69,497
Less: Payments made against the provision	0	0
Closing balance	384,552	437,662



Notes to and Forming part of the Accounts

INVESTMENT PROMOTION AUTHORITY For the Year ended 31 December 2016

	<u>2016</u> K	<u>2015</u> K
5. Provisions (Non-current)		
Employee entitlements	<u>1,165,348</u>	<u>1,193,049</u>
Employee entitlements (Current and Non-current)		
Opening Balance	1,193,049	1,065,189
Increase/(decrease) in provisions	(27,701)	127,860
Less payment made	0	0
	<u>1,165,348</u>	<u>1,193,049</u>
Current (Note 4)	384,552	437,662
Non-current	<u>1,165,348</u>	<u>1,193,049</u>
Closing balance	<u>1,549,900</u>	<u>1,630,711</u>

As at 31 December 2016, the Authority had a balance of K1, 549,900.00 for provisions relating to staff leave benefits.

As at 31 December 2016, the Authority has a balance of K38,500.00 for provisions relating to annual audit fees.

As at 31 December 2016, the Authority has a balance of K286,628.00 for provisions relating to Gratuities.

The leave benefit entitlements are accrued at current wage rates (refer note 1(f)). The audit fee expenses are based on annual audit fees charged by the auditors. The 2016 audit fees are charged to profit and loss account at K3, 208 per month or K38, 500 per annum at current rates.

6. Cash and cash equivalents

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

	<u>9,594,927</u>	<u>2,313,459</u>
Petty Cash Balances	1,300	1,300
Bank balances	5,821,104	1,661,317
Security Deposit	25,000	25,000
Short term deposits (refer note no. 9)	<u>3,747,523</u>	<u>625,842</u>
	<u>9,594,927</u>	<u>2,313,459</u>

The bank account balances for the Authority at the end of the year are as follows;

	<u>5,821,104</u>	<u>1,661,317</u>
Westpac Bank Operating Account	2,065,151	547,731
Registrar of Companies Trust Account - Westpac Bank	857,502	801,569
ANZ EFFTPOS	1,116,187	151,870
BSP - Buka Account	1,021,279	160,146
BPNG Account	760,985	1
	<u>5,821,104</u>	<u>1,661,317</u>



Notes to and Forming part of the Accounts

INVESTMENT PROMOTION AUTHORITY
For the Year ended 31 December 2016

	<u>2016</u>	<u>2015</u>
	K	K
7. Abnormal Items		
Loss on disposal of fixed assets	0	0
	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
8. Disposal of Fixed Assets		
Gain on Disposal of Fixed Assets	<u>0</u>	<u>0</u>
9. Fixed Term Deposits		
	<u>3,747,523</u>	<u>625,842</u>
Kina Bank	3,000,000	
Westpac PNG Ltd	<u>747,523</u>	<u>625,842</u>
	<u>3,747,523</u>	<u>625,842</u>

The Authority has K747,523 and K3,000,000 in short term deposit with the Westpac Bank (PNG) Ltd and Kina Bank respectively.

10. Adjustments recognised in the statements

Prior Year Adjustments	<u>-229,992</u>	<u>468,256</u>
Write back unrepresented cheques to the main bank account		363,300
Other year-end adjustments	-255,124	115,838
Loss on Disposal of Assets	0	-10,882
Bad Debt	<u>25,132</u>	<u>0</u>
	<u>-229,992</u>	<u>468,256</u>

Other year end adjustments include previous year bills payable to Elemi Lawyers
Bad Debts include receivables from DTC&I for a ministerial trip in 2012.



Notes to and Forming part of the Accounts

**INVESTMENT PROMOTION AUTHORITY
For the Year ended 31 December 2016**

	<u>2016</u> K	<u>2015</u> K
11. Retained Earnings		
	<u>7,407,148</u>	<u>1,460,929</u>
Balance at the beginning of the year	1,460,929	1,793,509
Add/(Less) adjustments recognised in the statements (refer note no.10)	(229,992)	468,256
Add/(Less): Profit/(Loss) for the year	<u>6,176,211</u>	<u>(800,836)</u>
	<u>7,407,148</u>	<u>1,460,929</u>

12. Contingencies and Other Commitments

(i) Contingent Assets and Liabilities

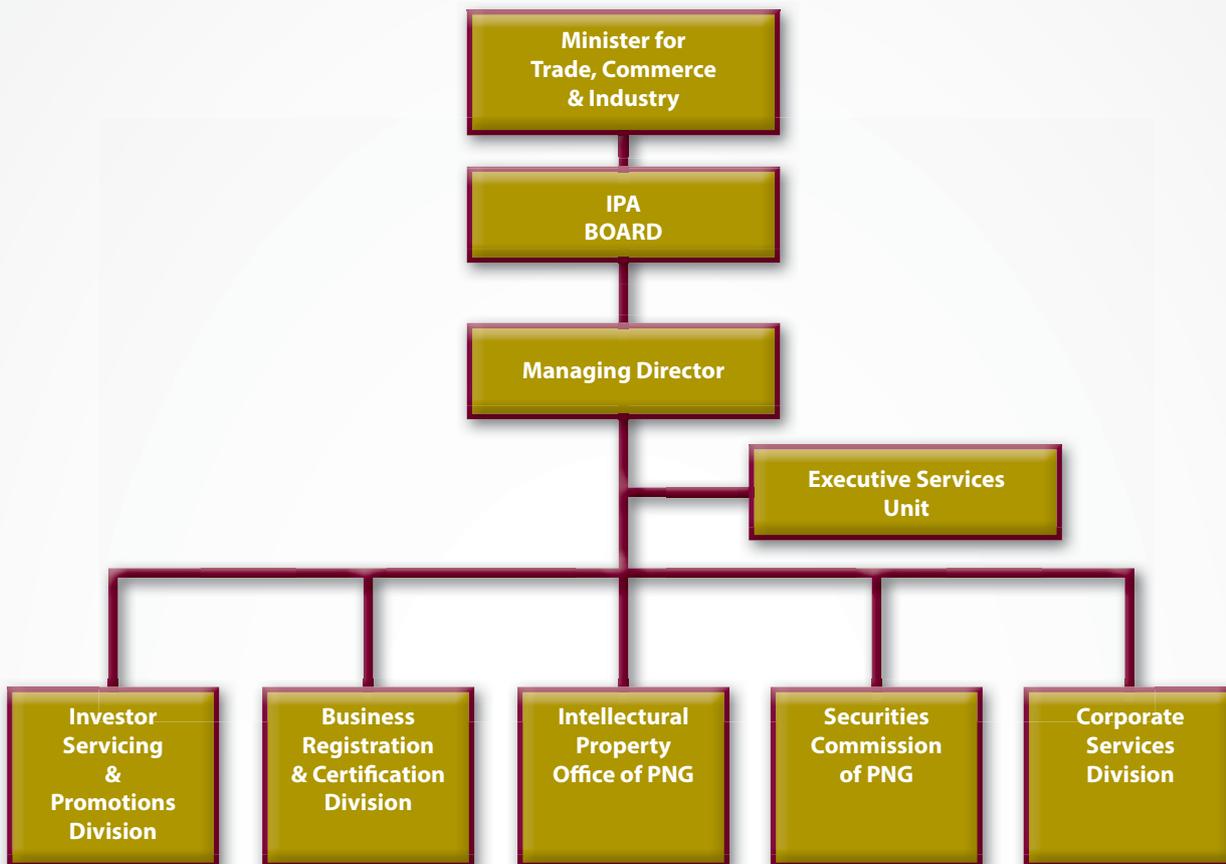
No contingent liability is expected to become enforceable from the date of this report that would require the Authority to meet its obligations when they fall due.

(ii) Other commitments

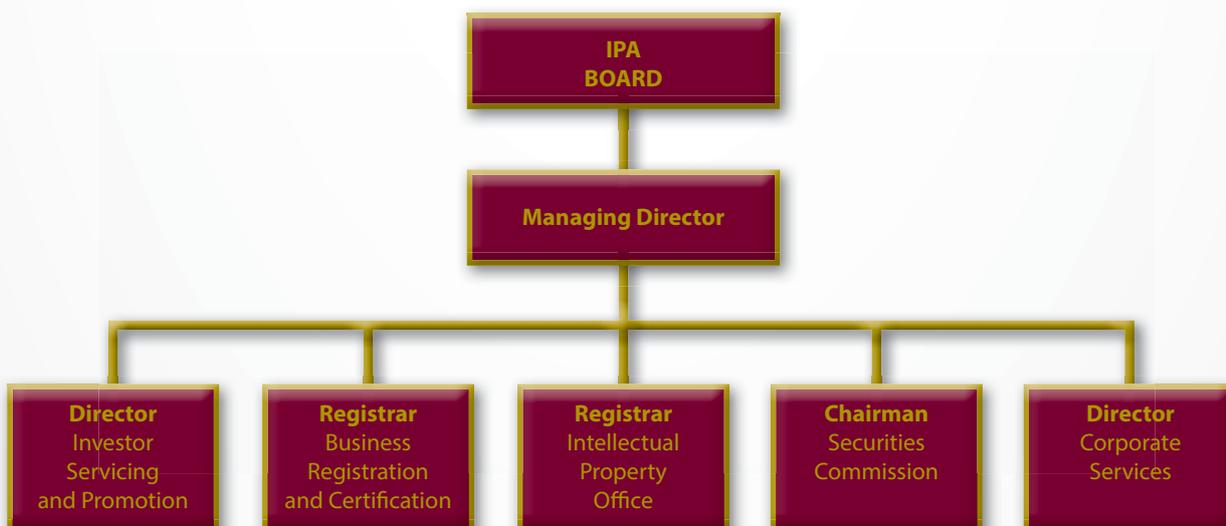
The Authority appears to have had some bills owing to Mirupasi Lawyers for services provided in 2003. The management is reviewing these on the basis of powers of referral and commitment of funds and the quality of services rendered. The provision has been taken up in the accounts to reflect amounts owing. This will include bills owing to Elemi Lawyers.



2016 IPA ORGANISATIONAL STRUCTURE



2016 IPA MANAGEMENT STRUCTURE



EXECUTIVE MANAGEMENT TEAM - 2016

NAME	REPRESENTATION	Period of tenure in 2016
Mr. Clarence M. Hoot	<i>Acting Managing Director</i>	Annual
Mr. Daroa Peter	<i>Acting Director Investor Servicing & Promotion Division</i>	Annual
Mr. Alex Tongayu	<i>Director/Registrar of Companies Business Registrations & Certification Division</i>	Annual
Mr. Alex Tongayu	<i>Acting Chairman Securities Commission of PNG (SCPNG)</i>	Annual
Ms. Amelia Na'aru	<i>Registrar Intellectual Property Office of PNG (IPOPNG)</i>	Annual
Ms. Anna Marikawa	<i>Director Corporate Services Division</i>	Annual
Mr. Ronald G. Maru	<i>Executive Officer to Managing Director Executive Services Unit</i>	Annual

BOARD MEMBERS AND ALTERNATE MEMBERS - 2016

NAME	REPRESENTATION	DESIGNATION	ALTERNATE MEMBER	PERIOD OF TENURE IN 2016
Mr. Leon Buskens	Ministerial Appointee	Chairman		Annual
Mr. Phil Franklin, MBE	PNG Chamber of Commerce & Industry	Deputy Chairman	<i>Mr. Alan McLay President (Lae) Lae Chamber of Commerce & Industry PO Box 265 LAE 411 – Morobe Province Contact: Ph: 472 2340 Fax: 472 6038 Email:</i>	Annual
Professor Albert Mellam	Ministerial Appointee			Annual
Mr. David Conn	POM Chamber of Commerce & Industry	Member	<i>Mr. Ken Dunn c/- First Investment Finance Ltd PO Box 326 PORT MORESBY 121 – NCD Contact: Ph: 321 7900/703 13679 Fax: 321 7907 Email: kdunn@moniplus.com</i>	Annual
Mr. Allan Bird	RIC	Member	<i>Mr. Graham Ainui c/- RIC PO Box 1530 BOROKO 111 – NCD Contact:</i>	Annual

BOARD MEMBERS AND ALTERNATE MEMBERS - 2016

NAME	REPRESENTATION	DESIGNATION	ALTERNATE MEMBER	PERIOD OF TENURE IN 2016
Mr. Dairi Vele	Dept. of Treasury	Member (Ex-officio)	Ph: 321 5773 Fax: 321 7223 Email: grahamainui@online.net.pg John A. Uware Acting Deputy Secretary Corporate Service Division Department of Treasury P O Box 542 WAIGANI 131, NCD Ph: 3133507 Email: John_Uware@treasury.gov.pg	Annual
Mr. John Andrias	Dept. of Trade & Commerce Industry	Member (Ex-officio)	Mr. David Ganai Acting First Assistant Secretary Department of Trade, Commerce & Industry PO Box 375 WAIGANI 131 – N.C.D	Annual
Mrs. Veitu Diro	Liklik Bisnis manmeri Rep.	Member		Annual
Vacant	PNG Chamber of Mines and Petroleum	Member (Ex-officio)	Mel Togolo P O Box 851 Port Moresby, 121 NCD Ph: 321 1284 Email: mtp@nautilusminerals.com.pg	Annual
Mr. Clarence M. Hoot	Acting Managing Director Investment Promotion Authority			Annual

NAME	Number of Meetings Attended (Quarterly)	No. of Special Board Meetings Attended
Leon Buskens	4	
Philip Franklin	4	
David Conn	4	
Professor Albert Mellam	4	
Veitu Diro	3	
Allan Bird	4	
Mel Togolo	2	
David Ganai - Alternate	4	
John Uware – Alternate	4	
Clarence M. Hoot – Acting MD	1	



Mr. Clarence Mala Hoot

Acting Managing Director,
Investment Promotion Authority

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

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

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



Ms. Anna Marikawa

Director,
Corporate Services Division

She joined the IPA in July 1998 after eight and a half years with the then National Planning Office and the

Department of Finance and Planning. She has experience in planning and budgeting for the Social Sector and the Administrative Sector agencies, up to the position of Senior Implementation and Monitoring Officer. She has been Director of Corporate Services Division since May 2013.

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



Mr. Alex Tongayu

Director, Business Registration & Certification Division
& Acting Chairman,
Securities Commission of Papua New Guinea

Mr Tongayu is the Director for Business Registration & Certification Division but wears multiple hats such as the Registrar of Companies, the Registrar of Personal Properties Securities (PPSR), the Chairman of Accounting Standard Board of Papua New Guinea and the Acting Chairman of the Securities Commission of Papua New Guinea. As acting Chairman SCPNG, he also serves on the Board of BPNG and Chairs its Audit Committee. He is also a member of National Co-coordinating Committee (NCC) on Anti Money Laundering & Counter Financing of Terrorism (AML & CFT) appointed by the National Executive Council.

He joined the IPA in June 2006 after one year in the private sector and three years as State Prosecutor. His previous positions include being the Deputy Registrar of Companies, Legal & Compliance, Acting Registrar of Co-operative Societies, with the Department of Trade,

Commerce & Industry, and Senior Enforcement Lawyer. In his current position, Mr Tongayu leads the team responsible for the regulation of all businesses in the country, the capital markets and the implementation of reforms in the secured transactions (Personal Properties Securities reforms) regime.

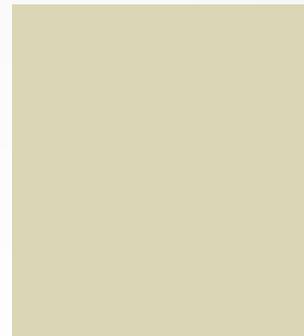
Mr Tongayu holds a Masters Degree in Public Administration, from the Divine Word University, a Degree in Laws from UPNG, and a Certificate in Fundamentals of Capital Market Development and Regulations.



Ms Amelia Na'aru

Registrar of Intellectual Property Office

Ms. Na'aru has been with the Investment Promotion Authority for 15 years. She joined the IPA in 2000 and served in different capacities as Enforcement Lawyer within the Securities Commission of PNG, and then was seconded to the Intellectual property office briefly. In 2005 she was appointed as the Senior Trademark Examiner dealing with the examination of trademarks. In 2009 she was appointed to position of Deputy Registrar and subsequently appointed in 2010 as Registrar of the Intellectual Property Office. She is responsible for leading the team in administering the different legislation in intellectual property rights protection and management, including developing policy and legislation reflecting the global and regional developments in the field of IPR. She is a certified Lawyer with a Bachelors Degree in Laws from UPNG and a Masters in Public Administration from the Divine Word University, Madang.



Mr. Daroa Peter

Acting Director Investor Servicing & Promotion Division (ISPD)

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

Mr. Peter commenced work with the Authority in May 2000 and has been with IPA for over 17 years in various different key positions including, Special Projects Officer-Board & Corporate Affairs, Acting Executive Officer to the Office of the Managing Director, Investment Project Analyst and Manager-Investment Promotion since 2012. The Director ISPD performs a vital role in monitoring and directing the Division that plays a pivotal role in the promotion, facilitation and servicing of investors to and within Papua New Guinea as outlined under the Division's work program.

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

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



Leon Buskens

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

He is currently employed by Oil Search Ltd and serves on a number of Boards including a Not for Profit Board. Prior to joining Oil Search, he was the Managing Director of POSF which was rebranded to Nambawan Super during his term, and also served for less than a year as the founding Managing Director for National Petroleum Company PNG (NPCP Ltd).

He has a Bachelor of Accounting Business Degree from the University of Technology in Lae, and a Post Graduate Degree from the Royal Melbourne Institute of Technology. He is a member of the PNG Institute of Directors and the Australian Institute of Company Directors.



Philip Franklin MBE, FAICD

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

infrastructure projects.

He currently heads up a successful consulting business that contracts to a wide range of clients requiring support across a diverse range of management services including, corporate governance, product or business advocacy, identifying JV partners and representation to PNG government and statutory bodies. The consultancy business specialises in delivering fast tracked solutions and results.

He has been elected to senior positions on peak and government statutory bodies representing local and national business interest's .These include the PNG Chamber of Commerce and Industry, The APNGBC (PNG), and Institute of National Affairs (INA).

He has a Bachelor of Science from the Australian National University and Diploma in Company Directorship from the University New England.



Mr. Clarence Mala Hoot
Acting Managing Director

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

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and a Bachelors Degree of Economics in Business Studies (UPNG) and a Diploma in Economic Policy Analysis from NRI.



Prof Albert Mellam, PhD

Professor Albert Conrad Mellam is serving his third term as member of the Investment Promotion Authority Board. He was initially appointed in 2012 Professor Albert Conrad Mellam served in the IPA Board as the Chairman from mid 2009 to 2011. Professor Mellam is presently the Foundation Executive Dean, School of Business Administration at the University of Papua New Guinea. He holds lectureship in the areas of Strategic and Human Resources Management.

Dr. Mellam holds a PhD (Psychology) and a Masters in Psychology from ANU, and a Bachelor of Arts with Honors, and a Bachelor of Arts from UPNG. He is a recipient of many international scholarship awards, has had international consulting experiences, and has published widely on his area of interest and expertise. On the IPA Board he brings a wide range of expertise in human resources and strategic planning which would add value to the organizations work.

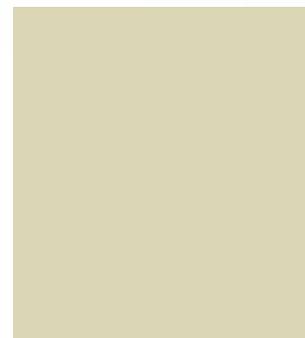


Allan Bird

Allan Bird is currently serving his first term as a member on the Investment Promotion Authority Board. He is an entrepreneur with more than 20 years of experience in project management, mining, infrastructure and

building construction, and agricultural business development and has worked in strategic management roles. He currently manages several businesses and serves on several boards, including Wewak Hospital, Papindo Group of Companies. Allan previously served as Chairman of the Innovative Agricultural Grants Scheme (AusAid), Vision 2050 Taskforce member, Economic and Public Sector Program as an advisor and has worked in the Department of PM&NEC, Department of Planning & Monitoring, Department of Finance and Internal Revenue Commission.

He holds a Bachelor of Science and a Graduate Diploma in Strategic Management from the University of Papua New Guinea.



Veitu Diro, CBE MBE

Veitu Diro is currently serving her third term as a member on the Investment Promotion Authority Board. She is a small business entrepreneur with many years of experience in small business management and sports management especially with two sports codes of Netball and Basket ball and has represented PNG in these two codes in South Pacific Games in 1969 (Port Moresby) and 1971 (Tahiti) respectively.

She currently manages several businesses include Administration College Kiosk, Fuji Interior Murray Highway and Culinary Delights Catering Services and serves as member of Olympic Committee, Commissioner for Sports Foundation and Coach for Telstra Netball Club.

She attended various schools under London Missionary Society in Port Moresby and Rabaul and graduated as a Teacher from the Wardstrip Teachers College and holds various Certificates from the two sports codes.



David Conn, OL MBE

David Conn is serving his third term as a Member of the Investment Promotion Authority Board. He is an entrepreneur with more than 30 years of experience in business, service and government organizations and has worked in senior management roles.

He currently performs various management roles in Government, private and non-profit organizations and serves on several boards, including National Research Institute, Ginigoada Bisnis Development Foundation, NCD Audit Committee, Commission for Higher Education and Pacific Games Organizing Committee, PNGDOH National Health Board and PNGDOF Audit Committee. David is currently the CEO Port Moresby Chamber of Commerce and Industry.

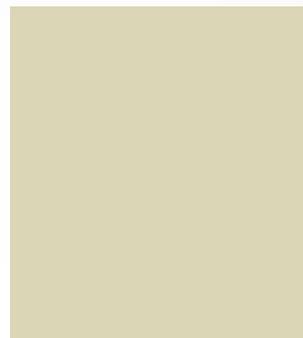


Mel Togolo, CBE

Mel Togolo is serving the IPA Board representing the PNG Chamber of Mines and Petroleum. He has been involved in the resources industry in PNG and overseas, particularly in mineral sector, for almost 25 years having worked for various mining companies including, Kennecott Exploration, MIM Holdings Limited, Highlands Gold Limited, Placer Dome Niugini Limited and Country Manager for Nautilus Minerals developing the world first deep sea mining project, Solwara 1. He was the first General Manager for State entity MRDC, which holds 100% owner interests in various mining projects in the country. Until recently, he was

on the Board of Westpac Bank PNG and currently he is on the board for several private companies, including NASFUND. In recognition for his services to commerce and industry, he was awarded CBE in 2004 Queen's Awards.

Mel Togolo has a degree in Economics with honours from UPNG and has masters' degrees from University of Leeds (UK) and the University of Hawaii at Manoa (USA).



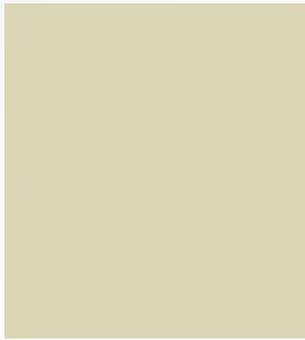
John A Uware

John A Uware is serving his first year as the Alternate Member (Ex-Officio Secretary for Treasury) on the IPA Board.

He has been in the public service for over 26 years, mainly with Treasury (and its predecessor departments). His role involves managing the Division as well as: ensuring new strategic growth policies and initiatives are progressed through policy dialogues and fostering relationships with stakeholders; and providing secretariat support to the Ministerial Economic Committee.

He has previously worked with key international multilateral lending agencies that provide loan financing and other assistance to PNG like the World Bank, ADB, JICA and others. He also worked closely with BPNG in the management and issuance of government securities to domestic investors; and a former member of Treasury and BPNG's Joint SWF Technical Working Group that was tasked by Government to examine options for the future management of LNG, mineral and petroleum revenues, including the possible establishment of a SWF in PNG. He is currently a Board member of the PNG Air Services Ltd representing Treasury since December 2011.

He has a Bachelor of Commerce (Accounting major) from the University of Technology.



David Ganai

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

He is currently the First Assistant Secretary for Commerce Division with the Department of Trade, Commerce and Industry and also serves as Member Pharmaceutical Supply and Tenders Board and Land Transport Board.

He has a Bachelor of Economics (Business Studies) from the University of Papua New Guinea.

Education.

He has a Bachelor of Economics (Business Studies) from the University of Papua New Guinea, and Masters in Science in Industrial Strategy and Trade Policy from the University of Manchester (UK).



Ronald G Maru

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

He is currently the Executive Officer for the Managing Director Office and also serves as the Board Secretary, and serves as a member of the Investment Promotion Authority Management Team and serves on Petroleum Advisory Board as the Alternate Member.

Prior to joining Investment Promotion Authority, he was the First Assistant Secretary for Policy and Planning with the Department of Trade, Commerce and Industry, and also served as an Alternate Commissioner for Higher



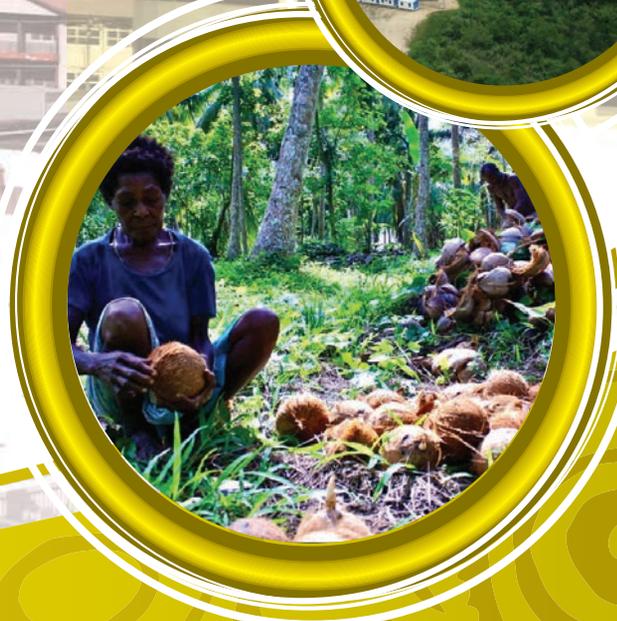
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