



INVESTMENT PROMOTION AUTHORITY



2013

Annual Report
and
Financial Statements

1.	<i>Minister's Foreword</i>	3
2.	<i>Chairman's Message</i>	4
3.	<i>Managing Director's Report</i>	5
4.	<i>Corporate Governance Issues</i>	6
5.	<i>Strategic Business Units Review:</i>	
(i)	<i>Business Investment & Export Promotions Division</i>	7-12
(ii)	<i>Intellectual Property Office of PNG (IPOPNG)</i>	13-24
(iv)	<i>Business Registration & Certification Division</i>	25-31
(v)	<i>Securities Commission of PNG (SCPNG)</i>	32-34
(vi)	<i>Corporate Services Division</i>	35-36
6.	<i>Annual Financial Statements as at 31st December 2010</i>	37-46
7.	<i>Appendices</i>	47-51

MINISTER'S FOREWARD

I am pleased to write this foreword for the 2013 Annual Report for the Investment Promotion Authority. The Investment Promotion Authority is an important statutory body under the Ministry of Trade, Commerce and Industry.

It is therefore important to restate that the Investment Promotion Authority is established to promote and facilitate investment into and within the country. There is obviously a dual role in this legislative mandate. This role emphasizes not only a strong international role but an equally strong domestic role as well.

During the last twelve months I have had the privilege to lead a number of key initiatives within the Ministry of Trade, Commerce and Industry, which the Investment Promotion Authority ably participated in. These include the inaugural Ministerial visit to India which I led, the State Visit which the Prime Minister undertook to Japan and Indonesia, and of course the biggest delegation ever to the Solomon Islands by any government Minister since Independence.

Earlier in the New Year, the Prime Minister gave specific instructions that all state visits that he undertakes in his role as Prime Minister must be accompanied by an investment and trade mission. That being the case we are happy to note the IPA's key participation in the Japan visit, and the Indonesian visit undertaken by the Prime Minister. The Indonesian visit was the largest investment and trade visit ever taken to that country by any Papua New Guinea Prime Minister.

I led an important mission to India, and also the largest trade and investment mission to Solomon Islands, for which a number of key investment ideas have materialized. I am happy to note that that visit has stirred the desire for the private sector from the two countries to collaborate more.

I am pleased to note that the IPA has been working hard to make its processes simpler and more efficient for its stakeholders.

On 24th November 2013 I launched the Online Lodgment Project which now means that companies, business names and statutory requirements can now be filed and paid for online.

This is an important part of the 12 point SME package which the Prime Minister launched in November 2012. While the actual legislation was not enacted in 2013 we are confident that the laws will be passed early in the New Year which will address the ease of doing business component relating to start ups, which is a key component of our doing business country profile.

The legislative review is also part of the 12 point SME stimulus package as announced by the Prime Minister in later 2012.

The IPA has challenges that it must address. It 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, 2015 Pacific Games, 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. I intend to support any proposal for the fees to be reviewed to ensure that the IPA is able to sustain itself going into the future.

I have been working very closely with Securities Commission to ensure that the legislative mandate defining the regulatory framework on securities matters is upgraded to take care of administrative and strategic issues we have identified in the market.

We have been discussing the matter and the three different bills to make this work have been drafted and barring a few pending issues pertaining to institutions and the governing framework, I anticipate that these three pieces of legislation will be tabled to Parliament in May 2014 which would then allow the IPA to clearly reconstitute the Securities Commission of Papua New Guinea, recruit against its structure and implement the regulatory regime taking into account the different impositions thereon. I have instructed that this work must be completed by mid 2014 and is now a priority action for the Authority.

I have also been championing the Small to Medium Enterprise agenda. It is crucial that the government through all its agencies support this intention. It will require the IPA's support to implement the changes in both policy and legislation.

I expect that the SME Policy and Master Plan will be ready for approval by May 2014, and that soon after its approval by Parliament, the programs will be rolled out. It is important that the registry operation is sensitive to the SME requirements, and the fee structure is asserted on a tier approach lending sensitivities to the status of different business categories.

I anticipate also that the regulatory landscape governing foreign investment in this country will consequentially change, and that the role of the IPA could actually be redefined.

I have been generally pleased with the achievements of the Investment Promotion Authority and I look forward to further collaboration with the team in the new year.

Thank you.

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

CHAIRMAN'S MESSAGE

I am delighted to write a small part of the 2013 Annual Report for the Investment Promotion Authority.

The Board considers its role at very high and strategic level in terms of setting the policy agenda, and setting the strategic direction that the IPA must take.

The Board also takes seriously its role to absorb the political agenda and articulate relevant directives to the Management. It also considers it has a critical role to play in addressing and feeding the political processes key information from stakeholders that the Board represents. In that regard, the Board is very keen to ensure that an important strategic plan for the medium term is prepared now.

It will guide the deliberations and activities of the IPA going forward taking into account the operating environment. This is a very important matter which has not been addressed in 2013 and it is our intention that in the coming year we will pursue this to its finality.

Further there should be some clarity about how activities are monitored for the future. This piece of work is part of the overall intention to clearly develop a strategic plan and an operational plan which is clearly punctuated with clear deliverables and milestones associated with clear budgets.

This would be an important tool to continue to gauge the effectiveness of our delivery programs, and to ensure that our budgets are clearly managed against agreed work programs. This work is crucial as it also complements the overall government intention to closely monitor the delivery of goods and services, while at the same time achieve accountability and transparency.

The Board has been reasonably pleased with the performances of 2013. It is noted that a number of key activities such as the online lodgment project, and the legislative review has been completed.

The Board also noted that there has been a number of key trade and investment activities which has attracted IPA's deep involvement such as the state visit to Japan and Indonesia and the ministerial visit to India and Solomon Islands. It demonstrates that the government has appreciated the role that the IPA can play in giving value to those important visits.

The Board is certainly encouraged by the amount of work that the Authority was required to do and the support that it was able to get from key agencies of Government.

The Board has been keenly aware of the political intention to address key Small to Medium Enterprises issues head on. We also subscribe to the overall intention and have expressed our willingness to be part of the wide variety of solutions which are required to grow the sector in Papua New Guinea.

It is the Board's position that we continue to support the intentions of the Government, while at the same time provide an important



perspective on how this outcome can be achieved in the current domestic and international environment. While the board has conveyed those positions to the Minister we noted that no response has been forthcoming from the office of the Minister.

The Board remains willing to assist the Minister address this issue and look forward to receiving our copy of the SME Policy and Master Plan which will drive the key interventions in that sector.

The IPA is one of a handful of government agencies which are up to date with the annual audits. This is highly commendable because it demonstrates the state of affairs with respect to financial management, and the management's willingness to address key management issues pertaining to accountability and governance.

We note that the 2012 audit has given an unqualified report, which is highly commendable. In order to continue to emphasize adherence to accounting requirements and standards, the Board has also directed that an audit committee be established at the sub board level, and that if necessary an internal audit position be created within the current structure assist in that process.

The management expects to deliver a concept paper on the audit subcommittee as well as the internal audit position early in 2014. This is an important step that the Board is taking to continue to safeguard and implement its fiduciary duties in an appropriate manner.

The IPA has undergone a massive recruitment drive to ensure that all critical positions are filled. In the context of a tight labor market on key professionals, this is a major undertaking and reflects the whole issue of what retention capabilities we have within the Authority. We must be able to recruit good people and maintain them within the employ of the IPA.

The Board is deeply aware of the challenges and continues to look forward to a submission on the fee review and increases coming through which would help relieve the IPA in an increasingly tight budget situation we are faced with. The Board is aware of the need to maintain balance between revenue raising while at the same time maintain a level of fee that remains competitive regionally.

I would like to thank my fellow board members and the management team for making this a successful year.

There is much that remains to be achieved hence it is important that we continue to strive for the best outcome from the Board level, and continue to work with the Management to set the benchmarks for achieving our targets.

We look forward to a more fruitful working year in 2014.

LEON BUSKENS
Chairman

I am happy to present the 2013 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 15 of March in the year following the reporting year. In doing so I acknowledge the support afforded to my office by the Board led by the Chairman, Mr. Leon Buskens, the Management Team and the staff of the IPA.

This year has been an exciting year because of a number of key activities which we have participated in. We have also been able to bring a number of key activities to conclusion especially those relating to the collaborative efforts with the International Finance Corporation. There have been key activities which we have implemented which have been successful even though all of them have not been programmed and budgeted for. Nevertheless given that those are Government priorities, support from the Government was provided through the Department of Treasury and Finance.

I am pleased to note the leading roles that the IPA played in two Prime Ministerial State visits and two trade and investment ministerial visits. The IPA was heavily involved together with the PNG Embassy in Tokyo to put together a program of activities which complemented the Prime Minister's visit to Japan. It was a resounding success and provided the occasion for the Prime Minister to interact with the Japanese investing community to reaffirm Papua New Guinea's support and strong bilateral relationship with Japan. The IPA was also pivotal in organizing a private sector delegation in the largest and investment mission to Indonesia. It provided the occasion to reaffirm that Papua New Guinea is open for business, and that the government wanted to reengage the two business communities directly.

We were also involved in the largest trade and investment mission to Solomon Islands, and an inaugural mission to India, both of which was led by the Minister for Trade, Commerce and Industry.

In 2013 on 24 November 2013 the Minister for Trade, Commerce and Industry switched on the online lodgment facility, thereby moving the registry services to the future. At the press of that button, we were able to discover the different possibilities that now exist within the online sphere. It will only be a matter of time before the system takes on new capabilities to the improvement of basic registry and filing services.

The switch on also offered renewed possibilities in cross referencing with important regulatory institutions such as the Internal Revenue Commission, the conversations which have now clearly defined some future activities between IRC and IPA. This is the most exciting part of our work which will no doubt grow into a massive exercise on integration and collaboration.

During this year the IPA implemented the tail end of a large legislative review program. The Companies Act and the Business Names Act have been subjects of key review activities for a number of years. This year marked the conclusion of the work. The final draft cleared



the Board and was moved to the National Executive Council which approved the drafting instructions, and then submitted it to the first legislative council for the bill to be drafted. The laws did not make the final sitting of Parliament but there is optimism that that the bills will be tabled in Parliament in February 2014. Once enacted the amended legislation will give a much more streamlined regulatory framework under the Companies and Business Names Acts. In other areas the Securities Commission has been working very closely with the Minister's office in drafting the revised securities commission laws which takes account of key policy and administrative experiences in managing securities matters over the years. This is an important piece of work which is necessary to liberalise the securities market, and to also ensure that the regulatory structure and relevant institutional capacity is clearly strengthened.

The IPA also maintains the core administrative, accounting and IT functions to support the overall conduct of business. It is important to highlight that we try our best to use best practice options in our deliberations although budgetary constraints are always prevalent. The financial performances are generally sound and the audit is up to date. There are general audit issues which have been raised and will be addressed by the management accordingly. It is a requirement that we continue to deliver services to our registry client 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 the extra front counters. After the launch of the online lodgment project the offices will likely perform the tasks of kiosks to help facilitate registries using the on line lodgment capability.

I was asked by the Government to take on the role of head of delegation for Papua New Guinea commencing 2013. I commenced my role as the senior official for Papua New Guinea in APEC with mixed feelings. To key highlights of that work in 2013 was that we successfully lobbied to have Papua New Guinea host the 2018 APEC year, and we also worked really hard to have Mr. Clarence Hoot to become the co-convenor of the Investment Experts Group under APEC. This is the first time that a Papua New Guinean has held the chairmanship of any fora under APEC, and an important milestone for the IPA, and Mr. Hoot personally. The PNG APEC liaison has been ramped up somewhat, and the work of the Senior Official has therefore increased significantly.

I wish to thank the Board, Management and staff of the Authority for their support and hard work in making the year 2013 a very successful year. I also look forward to another successful year in 2014. I now commend the rest of the 2013 IPA Annual Report to our stakeholders.

Thank you.

IVAN POMALEU, OBE
Managing Director

The Investment Promotion Authority is run by Board which comprises of representatives from the industry bodies, peak bodies including Chamber of Commerce, and ex-officios from key government departments including the Department of Treasury and the Department of Trade, Commerce and Industry. The Board is mandated under the Investment Promotion Act 1992 which deliberately prescribes that 70% represent the private sector and 30% comprises government representations. Each of the Board Member brings with them a wealth of experience and broad understanding of the operations of the business environment in the economy. Refer Annex for Board Composition.

The IPA Board of Directors

(a) The Role and Responsibility of the Board

The core responsibility of the Board is to provide strategic oversight to the operations of IPA and provide guidance to the Management in the running of the Authority.

The Management of the Authority is responsible to the Board in ensuring that decisions made by the Board are duly implemented. It is the duty of the Management to appraise the Board on the implementation status of key strategies deployed annually to achieve the strategic goals of the Authority while the Board provides guidance to the Management and policy oversight.

(b) Meetings of the Board

The IPA Board meets every quarter to deliberate on the important issues concerning the Authority. Refer to the Appendices for the number of meetings attended by members. Under Section 15 of the IP Act 1992, a quorum of five (5) members constitute a quorum for a Board Meeting to be conducted. All meetings convened in 2012 have been minuted, sealed and kept on record for future reference.

(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 register of Interests for the Board Members are appended for information.

(d) Committees of the Board

The Board in 2012 established three (3) Board Sub-Committees comprising of Office accommodation Committee, Budget Committee and Legislative Review Committee to assist the Management to provide directions in the implementation of the Board decisions.

The Board Sub-Committee on the Office Accommodation was vested with the responsibility of providing policy support in ensuring that necessary requirements from various regulatory agencies were in order before relocating to the new office at IPA Haus, Konedobu.

The Board Sub-Committee on Budget was responsible for provision of financial advice on the Office Relocation Project to the Management to ensure that the Authority's reserves were not depleted before tenant occupies floor spaces.

The Board Sub-Committee on the Legislative Review was established purposely to assist the Management in the consultations with the stakeholders and the feedback. This Committee is still working closely with the Management to have the draft Bills passed.

The Board also has a Sub-Committee on the IPA Organisational Restructure and throughout the year has been providing continuous policy advice on the project. The restructure has now been approved by the Salaries and Conditions Monitoring Committee (SCMC) under the Department of Personnel Management for implementation.

A. Investor Servicing & Promotion Division (ISPD)

A.1 Investment Promotion Unit (IP)

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

A.1.1 Profiling: Provincial and Project Profiling

The profiling exercise is a program aimed at collecting and updating investment related information/data. This is an ongoing activity as and when we receive projects from proponents in the country and match the projects with interests received from abroad.

So far we have profiled and packaged for promotion ten (10) projects in the agriculture/coffee, livestock, logging, energy/electricity and power supply sector, tourism/tourist resort, minerals/limestone and marine/seaweed. All these projects have been collated and compiled into a booklet for promotion.

Additionally, another approach in undertaking this activity was working together with the Japanese International Cooperation Agency (JICA) which provided a JICA Short Term Expert to profile provinces and study their investment potential. In 2013, three provinces were visited to collect provincial information on investment climate and opportunities and to identify specific projects for profiling and promotion. This exercise with JICA will continue into 2014 and will be completed in May 2014.

A.1.2 Investment Promotion

The Authority was involved in three (3) Investment Promotion missions during the year 2013.

A.1.2.1 India 2013 Partnership Summit

The Investment Promotion Authority (IPA) in consultation with the Papua New Guinea High Commission in India coordinated the preparations for the Minister for Trade, Commerce and Industry and his delegation to attend the 19th India Partnership Summit from 25th January to 01st February 2013.

Our attendance at the Summit followed from PNG's inaugural participation at the India International Trade Fair (IITF) from 14-27 November 2012 in New Delhi, India. During the same period, the IPA lead an investment mission to New Delhi, India where the initial leg work was done to ensure that the outcomes which the Minister wanted are realized in the shortest possible time.

Papua New Guinea's participation at the 19th India Partnership Summit in Agra, Uttar Pradesh, India, was at the invitation of the Minister for Commerce, Industry and Textiles of India, which is the equivalent of the Ministry of Commerce, Trade and Industry of PNG. PNG's attendance at the Summit is significant because it further demonstrated our interest and willingness to partner with India.

Upon his Ministerial intervention, the Department of Finance advanced an amount of K250,000.000 to the IPA under the 2012 Budget to support this program. The money was received and kept in our accounts until January 2013 when it was used for Papua New Guinea's participation in the 19th India Partnership Summit and

other scheduled meetings in India and Singapore.

A NEC Information Paper was prepared by the Ministry of Trade, Commerce and Industry in consultation with the IPA management. The purpose of the NEC Information Paper is to inform Members of the National Executive Council (NEC) on the outcome of Papua New Guinea's participation in the 19th India Partnership Summit and to seek the NEC's endorsement on the outcomes of this participation among others.

A.1.2.2 Prime Minister's Official Visit to Japan

The IPA coordinated the participation of the private sector at the Business Luncheon during the Prime Minister's official visit to Japan from 19-23 March 2013.

A.1.2.3 Prime Minister of Thailand Visit to PNG

The IPA participated in the Business Luncheon during the visit of the Prime Minister of Thailand to PNG on 25 March 2013.

A.1.2.4 Indonesia Trade and Investment Mission

The Indonesia Trade and Investment Mission was undertaken as part of Prime Minister Peter O'Neill's official visit to Jakarta, Indonesia from the 16th to 19th of June 2013 upon the invitation of the President of Indonesia, H.E Susilo Bambang Yudhoyono.

The IPA in consultation with the PNG Embassy in Indonesia as well as the Departments of Foreign Affairs and Prime Minister and NEC, coordinated the participation of the Papua New Guinea private sector businesses to be part of the Prime Minister's delegation upon the directive of the Prime Minister through the Department of Foreign Affairs and the Office of the Chief Secretary.

The visit basically was a resounding success. Especially so because it not only reinvigorated the economic cooperation, particularly trade and investment ties between the two neighboring economies but it also further strengthened its political and bilateral relations.

The two countries signed a record eleven agreements comprising three (3) Treaties and eight (8) MOUs in the areas of education and training, air travel, tourism and extradition and others. In addition, there were a number of business-to-business MOUs signed in the areas of oil and gas, banking and finance, telecommunication and water and others apart from the PNGCCI and KADIN MOU.

Following the visit, a number of visits were undertaken by the Indonesia private sector as reported under our facilitation work.

A.1.2.5 Solomon Island Trade and Investment Mission

A Trade and Investment mission was undertaken to the Solomon Islands from 31st July to 3rd August 2013 led by the Minister for Trade, Commerce & Industry, Honourable Richard Maru. Some investment promotion activities were undertaken during this mission. Refer to the mission report under the Export Promotion program of the Division.

A.1.3 Investment Facilitation

Over one hundred (100) investment queries were facilitated during the year 2013. The main sectors of interest are: fisheries, real estate and housing, gas downstream, infrastructure including energy infrastructure and ICT, banking and financial services, transportation including shipping and sea transport and tourism.

Included in these are fact-finding missions and follow up visits by companies and foreign missions/diplomatic corps mainly from Japan, Europe, China, Malaysia, New Zealand among others.

As a direct result of our facilitation work, eleven (11) companies were registered/incorporated and four (4) companies issued foreign enterprise certificates whilst the others are either in the process of applying or have submitted their application for foreign enterprise certificates.

Investment promotion activities through a number of inward missions including fact-finding missions were undertaken and facilitated for the New Zealand-PNG Business Council Delegation, Technix Industries Ltd (NZ), Honorary Counsel designate for Kasai City, Osaka, Japan, JBIC-JX Nippon Oil, German Embassy in based out of Sydney, Australia, the Czech Republic, PT Sarana Yুক্তi Bandhana (SYB) Group of Indonesia among others.

A proposed visit by the Panin Banking Group of Indonesia which set for 24-26 November was deferred due to advice from the Minister for Trade, Commerce & Industry. Follow up visits were undertaken by Marubeni, Sojitz, Kyomura Corporation and Sakura Trading of Japan, Kellington Nawik of Malaysia, Brightstar Corporation based out of Australia, and General Electric of the United States.

It is noted that the constant visits to IPA by Marubeni and Sojitz highlight the Japanese corporate interest in participating in possible future LNG projects for downstream processing.

The IP Unit of the Investor Servicing & Promotion Division (ISPD) is responsible for representing the Authority in all Investment Promotion & Protection Agreements (IPPA) matters. The Authority is an active member of the Government Inter-agency Committee on Bilateral Investment Treaties and the Committee is lead by the Department of Foreign Affairs. The countries that have concluded or expressed interest and/or are negotiating an IPPA with PNG include:

- Japan – The IPPA has been ratified by both governments.
- Korea – The second round of negotiation is set to be held in mid-March 2014.
- India – The Department of Foreign Affairs has provided the draft text to the Government of India for consideration and is awaiting feedback on the text and a date to start the negotiations.
- New Zealand – The Department of Foreign Affairs has provided the draft text to the Government of New Zealand for consideration and is awaiting feedback on the text and a date to start the negotiations.
- Solomon Island – The Solomon Island government verbally advised that all their internal consultations on the outstanding articles have been completed and we look forward to initialing the text at a mutually agreed time in 2014.

A.1.4 Networking Partnerships

A.1.4.1 Partnership with International Finance Corporation

Partnership with the IFC has been ongoing throughout the year.

A.1.4.2 Partnership with the JICA

A short term JICA expert worked with the IP unit on developing feasibility studies and undertook two field studies thus far. The primary objective of the expert is to study potential investment projects to promote sustainable development in the country and to transfer skills and knowledge to ISPD staff.

A.1.4.3 Partnership with the Oxford Business Group

The collaboration with the Oxford Business Group continues with the production of the second edition of "The Report: Papua New Guinea 2013" and it is circulation.

A.1.4.4 Partnership with PNG Foreign Mission abroad, the Diplomatic Corps in Country, PNG Government Agencies and the Private Sector

The Authority continues to communicate and facilitate trade and investment related queries with the PNG foreign embassies abroad and the diplomatic corps/foreign mission here in PNG as well as the government agencies and other public and private sector organizations including the chambers of commerce and industry, business council and manufacturers.

A.1.4.5 APEC Investment Experts Group Public-Private Dialogue on Investment Corporate Social Responsibility (CSR) for Local Communities

The IP unit attended the Annual Dialogue of Investment Experts' Group (IEG) as mandated by APEC Leaders in implementing the APEC Strategy for Investment. This year it was held in Jakarta, Indonesia on 30 January 2013 at the margins of the APEC Senior Officials Meeting 1 of 2013.

A.1.4.6 Ease of Doing Business Stakeholder Consultations, 13-29 November 2013

The IP unit facilitated the stakeholder consultations for the APEC Consultants on the Ease of Doing Business for two weeks from the 13-29 November 2013. The IP unit organised meeting appointments and accompanied the consultants to the various meetings. IPA also provided transport for the consultation team.

A.1.4.7 APEC Capacity Building Workshop, 3-4 December 2013

A total of eight (8) IP unit staff attended a two-day APEC Capacity Building Workshop at the Grand Papua Hotel, Port Moresby, PNG from 3-4 December 2013. The workshop was facilitated by five (5) officials from the APEC Secretariat and funded through the US-funded APEC Technical Assistance and Training Facility (TATF).

A.1.5 Investor Aftercare

During the year, we provided investor aftercare work for some Japanese companies already investing in PNG including JX Nippon Oil, Toyota Tusho, PNG Halla Cement, Marubeni Corporation, Sojitz

Corporation and Kyomura Corporation and others from other countries including Technix Industries Ltd of New Zealand.

The aftercare service work included getting companies to register and get certified (foreign certification). Further, some work was done to explore options for foreign certification compliance. Also, some work included attending to complaint from companies in terms of their business relations either with partners or others. Some of the key issues noted in our work are then raised at the government inter-agency forums, our private sector partners, and other networking partners as mentioned before for discussion and/or resolving.

For instance, the IPA coordinates the participation of the private sector at various forums (e.g. business luncheons, seminars, workshops, summits, investment missions etc.), during official visits of leaders and dignitaries to PNG and/or from PNG to others countries as part of its aftercare work.

B. Marketing & Export Promotions Unit (MEPU)

1. Business Development Programs

1.1 Exporter/Importer Enquiries

The Unit continues to deal with general trade queries on a daily basis from both the domestic and international markets. The agriculture and manufacturing sectors made up 50% of the queries, whilst the other 50% composed of other sectors such as forestry, service and fisheries sectors.

Besides the above, other queries included the facilitation of requests from PNG Diplomatic missions abroad and from networking partners internationally and regionally.

For the 2013 period, the following trade enquiries (legitimate) have been received and facilitated through the Trade Database facility.

Sector	Number of interest	Action Taken	
		Completed	Pending
Manufacturing	15	10	5
Agriculture & livestock	10	7	3
Fisheries	7	5	2
Petroleum	2	All	
Service	3	All	
Forestry	5	All	
Others	15	12	3

In comparison to 2012, there has been a slight increase in the number of enquiries that have been facilitated particularly in the agriculture sector and manufacturing sector.

In terms of the nature of enquiries, the agriculture sector continues to generate more interest followed by forestry and fisheries sectors. Delete space The manufacturing sector experienced a slight increase in comparison to 2012 period.

Import queries received were predominantly consumables and referred to appropriate organizations/companies in the private sector. Whilst the above scenario gives a small improvement on trade enquiry handling, what has become notable is the quality of enquiries that are being handled through the process particularly in the

agriculture sector, and in relation to down-stream processing, farm-gate to branded shelf product in the coffee and cocoa sector.

1.2 Business Assistance Information Package

The business assistance development program (BADP) is an initiative of the MEPU which is primarily aimed at producing a booklet to be used as a tool containing relevant and useful information on trade/export assistance programs and financial services for the PNG export sector.

This project was initiated as a result of ongoing queries from the business sector particularly the SME sector seeking information and/or assistance on the various trade development assistance programs which are available for exploitation by local businesses and entrepreneurs.

Desk top research commenced in the last quarter of 2013 and is expected to be completed and printed in the first quarter of 2014.

1.3 5th Edition of the PNG Exporters Directory

This project commenced in the last quarter of 2013 and is expected to be completed and printed for dissemination in the first quarter of 2014.

2. Export Promotion Program

2.1 Maketi Ples Program 2013 (Sydney, Australia)

In collaboration with the Pacific Islands Trade & Invest (Sydney, Australia), IPA assisted in facilitating the private sectors (Creative Arts) participation at this event and also participated as an observer to the program.

Maketi Ples (Market Place) is an exhibition whereby artists/artisans from the fourteen island countries come together to showcase and promote their works and creations to the Australian consumers.

IPA facilitated the application for the private sector for support under the Business Development Fund program which is coordinated by PIPSO which resulted in 3 local companies, successfully secure funding support to attend this event.

IPA was represented by Marketing Officer for the first week of the 3 week program with initial outcomes including:-

- Visitor numbers in 2013 doubled on Opening Night which saw approximately 200+ guests that included all four PITI trade offices representatives, reps from overseas missions (including PNG), reps of corporate bodies and the general public in Sydney;
- Initial sales figures from opening night and 2nd day of exhibition toppled 2012's sales figures totaling AUD5000+ in sales of art pieces;
- PNG again dominated MP2013 thus contributing a total of AUD2000+ in sales figures toward the overall sales figures;

In comparison to previous years, the 2013 event was a success in terms of increase in direct sales outcomes, larger participation from the region and a marked improvement in the quality and range of products from the region.

One product that continues to stand out for PNG is the bilum and bi-products of traditional fibre that has now translated to a bigger project for this industry in 2014. Preliminary conversations and dialogue between regional and global stakeholders have been held with a work plan to be finalized for implementation in 2014.

2.2 Trade & Investment Mission to the Solomon Islands

A Trade and Investment mission was undertaken to the Solomon Islands from 31 July – 3 August led by the Minister for Trade, Commerce & Industry, Mr Richard Maru. The Minister was accompanied by 8 government officials and over 41 private sector representatives representing about 60 companies/businesses.

Key outcomes of the mission include:-

- Opening up of market outlets and securing of distribution outlets for PNG made products;
- Positive outcomes in bilateral discussions particularly regarding the Double Taxation Treaty & IPPA between PNG & the Solomon Islands;
- Identification of investment opportunities for the expansion of PNG businesses in the Solomon Islands market, particularly the service sector;
- Establishment of partnerships between PNG and Solomon Islands businesses.

An after-care program has been put in place by the Unit for this program for the next 6 months; when another follow up activity will be undertaken to establish progress and/or otherwise of this project.

3. Networking Partnerships and Linkages

3.1 JICA Capacity Building Training Program for Coffee Industry, - Japan

The Unit once again facilitated the coffee industry's participation in another JICA program which ran from August 2012 – August 2013. This is the second successful application to JICAs capacity building program by the industry.

3.2 Fine Food Fair (Australia) – Pacific Islands Trade & Invest (Syd)

PNG was represented by 1 company in the food manufacturing sector. The 4 day event took place on 9 – 12 September 2013.

3.3 Fiji Trade & Investment Mission to PNG

The Unit played a key role in the facilitation and coordination of a Fiji government led trade delegation to PNG consisting of approximately 70+ private sector representatives. This has now resulted in a number of interests from the Fiji private sector to explore export opportunities in the PNG market and more importantly Fijian companies intending to invest in PNG.

3.4 12th Seoul International Café Show

The PNG Coffee industry participated at the above event held from 21 – 24 November 2013, in Seoul, Korea. The event was coordinated in partnership with the PNG Embassy in Seoul Korea and the IPA and the Coffee Industry Corporation.

3.5 Taiwan Trade Mission to PNG

In collaboration with the Taiwan Trade Mission Office in Port Moresby, the Unit provided support in the facilitation of a trade delegation from Taiwan to PNG. The trade delegation comprised of manufactures of consumable products who exhibited their products to potential buyers in Port Moresby and Lae respectively.

4. Product & Market Development Program

In 2013 the Unit focused on two potential markets which included South Korea and Taiwan. These markets have potential for PNG's import and export sector thus the Unit has placed priority on these two markets for potential programs to be implemented in 2014.

Desk top research commenced in the 3rd quarter which has seen a number of projects implemented in the 4th quarter of 2013. Further programs for these markets will be developed and implemented in 2014.

C. Public Relations Unit (PR)

The following is the report of the activities undertaken by the Public Relations Unit in 2013.

1. Website

1.1 Redesigning of website

As part of the redesigning of the website to host the Online CORE system, the Unit has completed the inputting of data in the CMS site. The website went live on the 15th of November, one week before the Online Registry System went live. This is a work in progress and the Unit is inputting text and updating the site and when required.

1.2 Website Hits

A system has also been developed to monitor the number of people visiting the site, date and time of visit, what pages they are visiting and the place they log in from. Records show that from the time the website went live on the 15th of November 159, 625 people visited the site. When the Online Registry System went live on the 25th of November the figure increased to 774, 622 hits. By December 2013, hits were at 2,692,597. The table below shows the top 10 hosts to the site in order of highest.

No.	Country	Pages Visited	Search keywords (Key words people type that takes them to the IPA website)	Hits
1	United Kingdom	Company Registration	www.ipa.gov.pg	387, 601
2	Unknown (Internet Providers)	Entity Search	Ipa png	279, 965
3	PNG (IRC is the top PNG visitor)	Entity Search	IPA	33,817
4	Network	Company Registration	Promotion	35,565
5	Australia	Company Registration	Investment	14,338
6	Commercial	Entity Search	Registration	8,761
7	France	About IPA	Investment promotion authority png	3, 187
8	Non-Profit Organisations	PNG Business Names	Png ipa	3,701
9	Unknown (local)	PNG Business Names	Ipa papua new guinea	2,564
10	Others	Company Registrations	png	4,236

2. E-newsletter

The first issue of the new look newsletter has been released and well received by clients. Website hits show that the newsletter is the most downloaded item from the website.

3. Communications Strategy

Awareness tasks for the Legislative Review of the Business Name Act and Company Act are on hold pending the approval of the Bills.

Awareness campaigns for the Online Registry System have started and are in progress. The campaign was launched in October with a press conference hosted by the IPA Managing Director. On the same day notices on the changes in the OLP were published in the media. As at the end of the year campaign activities carried out included; newspaper adverts, two (2) separate publication of newspaper inserts, appearance on FM 100 tok bek show, commercials on FM100 and EMTV and appearance on EMTV's Business PNG program . Part of the project will be implemented in 2014.

4. DVD Updating

The updating of the IPA DVD has been included in the scope of activities included in the EMTV Business PNG sponsorship package. Footages collected from the programs and commercials done under the Business PNG sponsorship will be used to update various segments of the DVD that will be identified once the project commences. The DVD will be focused on the Ease of Doing Business in PNG and will comprise of updates on the main economic sectors in line with the theme.

These updates will lead up to the changes in the IPA and what the organization is doing in terms of making it easier to do business in the country. The project will begin in 2014.

5. 2015 Pacific Games PR Sub Committee

The IPA PR Unit has been selected to be part of the 2015 Pacific Games PR Sub Committee. So far two meetings have been attended basically to understand the purpose of this committee. Other organizations that form part of this committee include; PM's media Unit, NCDC, TPA, Police, PNG Power, Eda Ranu, ICCC and Department of Communication and Information. Activities will be planned and rolled out in 2014.

D. Research and Information Unit

1. Foreign Investment Statistics

The Research & Information Unit continues to maintain its efforts in collecting and presenting the foreign business investment data all throughout the three quarters of 2013.

It should be noted that since the beginning of 2013 the unit maintained data which contained only projections.

The data maintained in the Foreign Business Investment Database is collected in two main ways:

- Through the applications and supporting documents lodged with the IPA by foreign entities wishing to conduct business in the country; and
- Via the six monthly reports (Bi-annual Reports) in which all foreign enterprises are required to provide as a condition of Certification by IPA. This method has become a reliable source of capturing up to date investment and business information however the program is currently on hold since the first quarter of 2013.

In 2013 all data gathered from the first method above is inputted into the IPA main Foreign Business Investment database from which business and investment statistics are generated. Some of the key statistics for 2013 Foreign Certification are presented below.

Table 1: Number of Approvals by Quarter (2013)

APPLICATION TYPES	First Quarter	Second Quarter	Third Quarter	Total
Certification	71	102	92	265
Re-Certification/Section 32	5	6	11	22
Variation	32	32	69	133
Reinstatement	1	0	0	1

Pie Graph showing Approval Percentage by Application Type – 2013

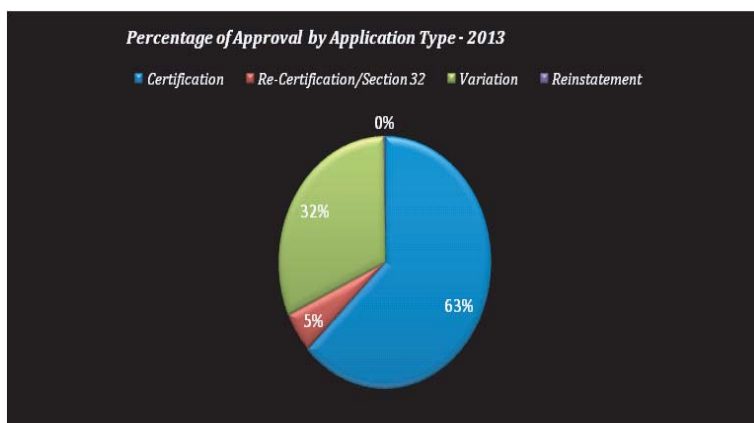
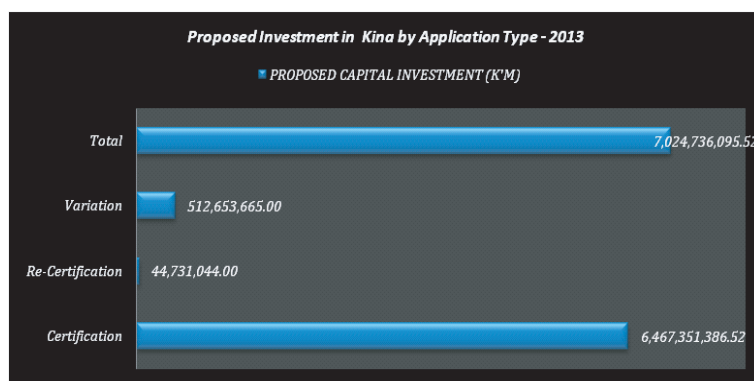


Table 2: Level of Proposed Investment (Kina) for 2013

APPLICATION TYPE	PROPOSED CAPITAL INVESTMENT (K'M)	PROPOSED CITIZEN JOBS	PROPOSED FOREIGN JOBS
Certification	6,467,351,386.52	6214	1625
Re-Certification	44,731,044.00	292	30
Variation	512,653,665.00	924	174
Total	7,024,736,095.52	7430	1829

Bar Graph showing Proposed Investment in Kina by Application Type - 2013



2. Business Licensing and Information Services (BLIS)

The Unit started with this project in the third quarter of 2013 and will continue this project in 2014.

The BLIS survey questionnaires were formulated and sent over to the various government agencies in September 2013 to capture updated information on the business licenses that those agencies issued.

The Unit anticipated that more survey questionnaires will be fulfilled and returned in the beginning of 2014 so that the Unit will have the database compiled based on the completed questionnaires received in 2014.

3. Provincial Survey

Provincial Database Surveys are an important program through which the Authority collects vital business and investment information for investor facilitation and promotional activities. The Authority is also able to assess the extent of foreign and citizen enterprise operations and assist enterprises to comply with various legislations administered by the Authority.

In the second and third quarters of 2013 interruptions of staff shortage was faced by the unit and consequently the program didn't eventuate. Realistically the program was not undertaken by the Unit in the three quarters of 2013.

The unit intends to execute the program in 2014 in two provinces namely in the Morobe and the National Capital District. The main objectives of the exercise are to:

- Actualize the Foreign Business Investment Database;
- Enhance general awareness on IPA processes and requirements;
- Enforce the various legislations administered by IPA;
- Monitor companies for compliance; and
- Ascertain quick revenue generation for the IPA.

4. Monitoring of Terms and Conditions

The Research & Information Unit is tasked to monitor activities of all foreign companies certified by the IPA to ensure that they operate according to the Terms & Conditions ("T&C") issued upon Certification.

Apart from ensuring that foreign companies comply with all relevant laws, we also gather vital business and investment data from this program. The data is stored in our Foreign Business Investment Database from which we extract important statistical information for internal policy and promotional work. Our main external users of these information are Government departments/agencies, banks, foreign embassies, private companies, and the general public.

During the first quarter of 2013 the Unit continued to implement this program however in the second and third quarter of the year, the program was put on hold due to the organizational restructure and operational issues.

The Unit is planning to continue implementing the program in 2014.

5. Inter-Agency, Provincial, Regional and International Networking

The Authority believes that the networking with stakeholders is important to meet our corporate goals. The Authority entered into an MOU with Post PNG Ltd to collaborate and deliver IPA services to the rural centres.

Efforts on inter-agency, provincial and regional networking is an ongoing exercise which the Authority continues to pursue.

B. Intellectual Property Office Of PNG (IPOPNG)

Introduction

The Intellectual Property Office continues to perform its statutory functions in the registration of IP rights particularly trademarks, patents and industrial designs except for copyrights which the law provides for automatic protection.

Intellectual property plays an important role in enhancing and advancing society and our primary function to provide protection provides that avenue for right holders to seek protection in Papua New Guinea and allows them to enforce their rights. Thus this office continues to play that important role. Apart from this primary function, the office has other on-going programs to implement which continue to challenge the office.

The year was challenging and somewhat slow in terms of achieving the desired outcomes of important work programs. The office struggled to complete priority programs due to a number of factors. One of the main factors was capacity issues and

1. Summary of Program outcomes

The Division has carried work over from past years and the aim for 2013 was to complete some of these pending work programs particularly the law amendments and the National IP Plan.

The key priority areas for 2013 include (i) Recruitment (ii) finalization of the IPOPNG Bill (iii) IP law amendments to existing laws on Trademarks, Patents & Industrial designs and copyrights; (iv) the National Intellectual Property Plan (v) Fee increases (vi) IP awareness
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2. Programs

This year we listed in terms of priority the following programs to achieve and these were:

i. Recruitment

Recruitment was priority for the year. We have now recruited to all technical positions. The legal officer position that was vacant for almost 3 years has now been filled. The only outstanding positions are; Executive Secretary and Filing clerk.

ii. Finalization of the Intellectual Property Office Bill

With the assistance of the Constitutional Law Reform Commission, we have managed to progress the drafting of the Bill. A workshop was purposely held at Loloata Resort to discuss the Bill and work on the draft. We now have a finalized draft ready for consultation with our stakeholders.

However we will now put a halt on this draft and work towards completing the National IP Plan as directed by the IPA Board. The reason being that the Plan or Policy must come before the law.

iii. National IP Plan

The office did not progress this matter. While we already have a draft document the office did not manage to convene discussions and adoption of the Plan. This matter is now carried over to 2014 and

planning is underway to convene discussions on the IP Plan with stakeholders.

iv. IP laws amendments including IPOPNG Bill

The office started dialogue with CLRC seeking their assistance to help us finalise each IP law amendments. The office has started with the IPOPNG Bill and will progress to the other IP law amendments.

Unfortunately we were not able to work on the other amendments except for the IPOPNG Bill. This program is carried over to 2014.

v. TM and PID Manuals

This matter remains outstanding as well. The Senior Unit Supervisors have done substantive work on these Manuals but have yet to finalize them. The focus now is to complete the manuals in 2014.

vi. Fee Increases

The office started to work on the fee increases for trademarks and patents and industrial designs but has not completed it. Trademark Fee increases were completed and submitted to NEC for approval but to date there is no response. This matter is intended to be completed in 2014.

vii. Awareness Programs

No awareness was carried out in 2013 except for the World IP Day celebrations. This program remains one of the biggest challenges for IPOPNG.

viii. WIPO Academy Courses

The office continues to build capacity through WIPO Academy courses offered online. This year four of the staff undertook different courses ranging from DL101: introduction to Intellectual Property while three staff took advanced courses in trademarks and patents and industrial designs.

Of these only three passed the course successfully while one failed to sit for the exams. The office will continue to train staff under this program.

ix. Budget/Revenue

IPOPNG's budget for the year was K660, 000.00. The office exceeded this budget by November and received revenues up to 700,000.00. In particular, there was an increase of trademark filings with a total of about 1000 applications which is by far the highest than previous years.

x. Statistics

The statistics report includes Copyrights, trademarks, patents and industrial designs. In copyrights, the summary shows the number of queries received and the type of queries. With trademarks, patents and industrial designs, the statistics show the number of applications lodged in the year. The office continues to provide its services in a timely and efficient manner and strives to serve its national and international clients efficiently.

A. Copyrights

Copyright Inquiries 2013

Summary

The purpose of this summary is to provide a brief background of the variety of inquiries relating to copyright and related rights that the Copyright Unit has received from October 2012 to December 2013. Please note that the number does not include telephone inquiries.

The inquiries were mainly from individuals and private companies seeking information and advice on how to go about protecting their works and music. From October 2012 to 02nd December 2013, a total of fifteen (15) inquiries were received by the Copyright Unit. Most of the inquiries related to the following;

- Literature (books, lecture notes, training manuals)
- Music (copying of songs),
- Copyright registration process,
- Compensation or Infringement; and
- Policing the rights by right holders from piracy and infringement.

From these inquiries about seventy percent (70%) of the clients were more interested to know how they can register their works and to protect it under the Copyright and Neighboring Rights Act 2000. Given that the Act does not provide for registration of works or creations of authors and artists, concerns were raised on how best they can protect the works from copyright infringement and seek compensation rewards for their work if it was copied without permission.

While the rest of the inquiries were related to the issue of how to police the rights of authors and artists and more in general covering items listed above. Protection of books and other literary works (lecture notes, training manuals, and course books) is also a concern from Lecturers and private specialist consultants who provide training services outside of their normal employment. The Copyright Unit received one inquiry regarding protection of computer programs and related softwares.

In my view, the establishment of CMOs which is already captured in the Copyright and Neighboring Rights Act amendment and draft regulation would solve some of these issues policing and collection of royalties for authors and artists.

The artists and authors can become members of the CMOs to pursue the protection of their rights and collect royalties on their behalf. Secondly, provide general awareness to educate artists and authors about their rights under our IP laws particularly copyright and related rights and how they can benefit from their works. Awareness can come in the form of workshops, seminars, school visits and the print media.

B. Trademarks

1. Purpose

This report provides an update of the progressive statistics on the

number of trademark documents received and the revenue generated from these documents during the fourth quarter, specifically covering the period from 6 September 2013 to 4 December 2013.

The report also includes statistics for each quarter of 2013 as well as yearly statistics covering the years 2006 to 2013.

2. Statistics

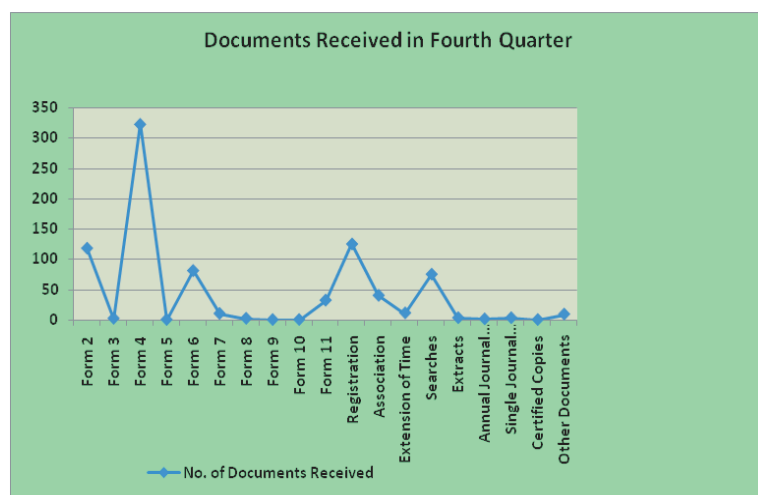
2.1 Fourth Quarter Statistics

The following table and graphs show the number of trademark documents received as well as the revenue received from respective documents during the fourth quarter of 2013.

Figure 1: Table Showing Documents and Revenue Received in the Fourth Quarter of 2013

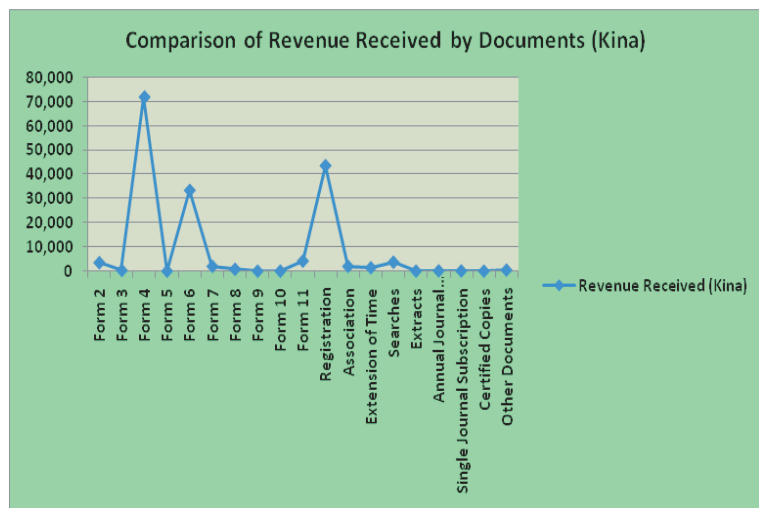
Document Received	No. of Documents Received	Revenue Received (Kina)
Form 2	118	3,525
Form 3	2	300
Form 4	323	72,200
Form 5	-	-
Form 6	81	33,500
Form 7	10	2,000
Form 8	2	800
Form 9	-	-
Form 10	-	-
Form 11	32	4,200
Registration	125	43,750
Association	40	2000
Extension of Time	11	1,440
Searches	75	3,750
Extracts	3	45
Annual Journal Subscription	1	125
Single Journal Subscription	3	90
Certified Copies	-	-
Other Documents	9	450
Total	835	168,175

Figure 2: Line Graph Showing Lodgments by Documents in the Fourth Quarter of 2013



As shown in Figure 2 (above), new applications (Form 4) recorded the highest number of lodgments over the 300 mark during fourth quarter compared to the rest of the documents. Requests for changes in Register (Form 2), renewals (Form 6), registrations and search requests recorded between 50 and 150 while the rest of the documents recorded below the 50 mark with some having no lodgments recorded at all during the quarter.

Figure 3: Line Graph Showing Revenue Received by Documents in the Fourth Quarter of 2013



The graph in Figure 3 above again demonstrates that the revenue received from new applications (Form 4) has recorded the highest above the K70,000 mark during fourth quarter of 2013 followed by registrations and renewals which recorded between K30,000 and K50,000.

The rest of the documents recorded below the K10,000 mark.

2.2 Quarterly Statistics for 2013

The following statistics display the number of documents received and income generated during each quarter of 2013.

Figure 4: Table Showing Documents Received Quarterly in 2013

Document Received	1 st Quarter (Jan – Mar)	2 nd Quarter (Apr – Jun)	3 rd Quarter (Jul – 5 Sep)	4 th Quarter (5 Sep – 4 Dec)
Form 2	76	108	44	118
Form 3	-	1	-	2
Form 4	251	144	233	323
Form 5	-	-	-	-
Form 6	162	97	121	81
Form 7	3	-	-	10
Form 8	-	15	-	2
Form 9	-	-	-	-
Form 10	-	-	-	-
Form 11	46	21	25	32
Registration	187	189	47	125
Association	83	75	31	40
Extension of Time	26	30	23	11
Searches	46	41	44	75
Extracts	19	43	23	3
Annual Journal Subscription	9	3	1	1
Single Journal Subscription	-	2	-	3
Certified Copies	-	8	5	-
Other Documents	54	23	19	9
Total	962	800	616	835

Figure 5: Line Graph Showing Trend of Documents Received Quarterly in 2013 (See graph above)

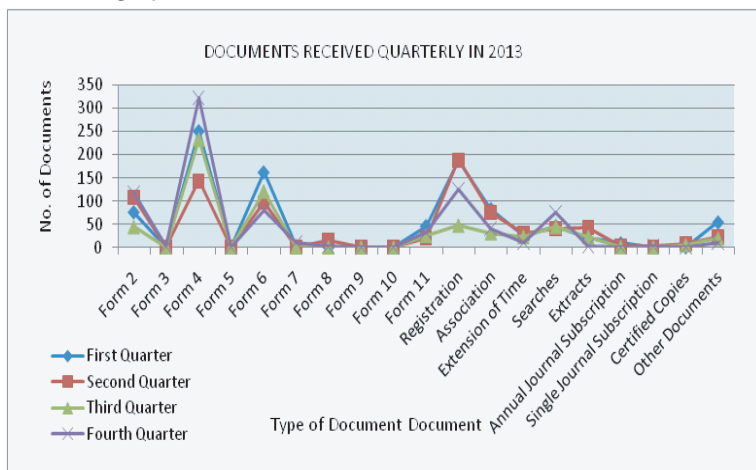
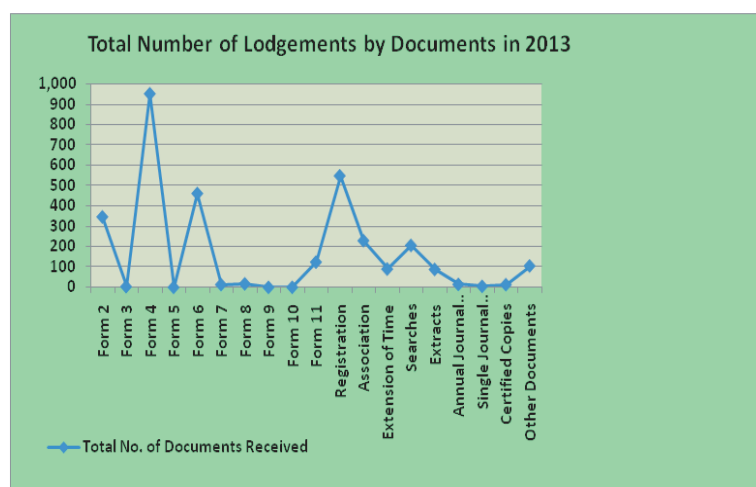


Figure 6: Line Graph Comparing Lodgments by Documents in 2013 (See graph above)



Generally, third quarter recorded the lowest number of filings for all documents while first quarter recorded the highest as revealed by the table in Figure 4. The line graph in Figures 6 above clearly demonstrate that new applications generally maintained the highest record of lodgments in 2013 followed by registrations, renewals, requests for Register changes, searches and associations. On average, there were slight fluctuations in the number of filings for each document or request per quarter as shown in Figure 5 above.

Figure 7: Table Showing Revenue Generated Quarterly During 2013 (Kina)

Year	1 st Qtr (Jan – Mar)	2 nd Qtr (Apr – Jun)	3 rd Qtr (Jul – 5 Sep)	4 th Qtr (6sep – 4 Dec)
Form 2	2,625	3,625	1,600	3,525
Form 3	-	200	-	300
Form 4	59,100	33,670	53,350	72,200
Form 5	-	-	0	-
Form 6	62,000	40,050	44,240	33,500
Form 7	400	-	-	2,000
Form 8	-	750	-	800
Form 9	-	-	-	-
Form 10	-	-	-	-
Form 11	5,300	3,100	3,200	4,200
Registration	65,200	65,730	29,050	43,750
Association	4,150	3,750	1,550	2000
Extension of Time	5,170	5,510	3,230	1,440
Searches	2,265	2,015	1,600	3,750
Extracts	320	1,275	345	45
Annual Journal Subscription	-	-	-	-
Single Journal Subscription	1,125	375	125	125
Certified Copies	-	60	-	90
Other Documents	1,823	1,155	857	450
Total	209,478	161,545	139,205	168,175

Figure 8: Graph Showing Revenue Earned Quarterly in 2013

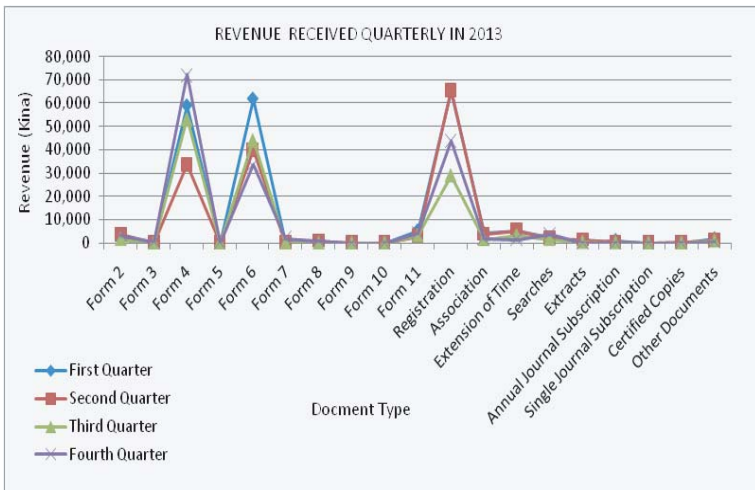
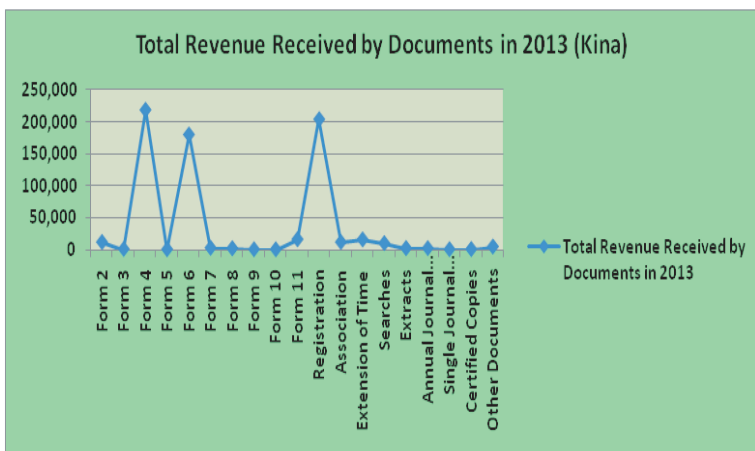


Figure 9: Line Graph Showing Total Revenue Earned by Documents in 2013



Again, on page 15 (Figure 7) and graphs (Figures 8 and 9) demonstrate that new applications, registration and renewal payments recorded the highest sources of revenue received for each quarter in 2013.

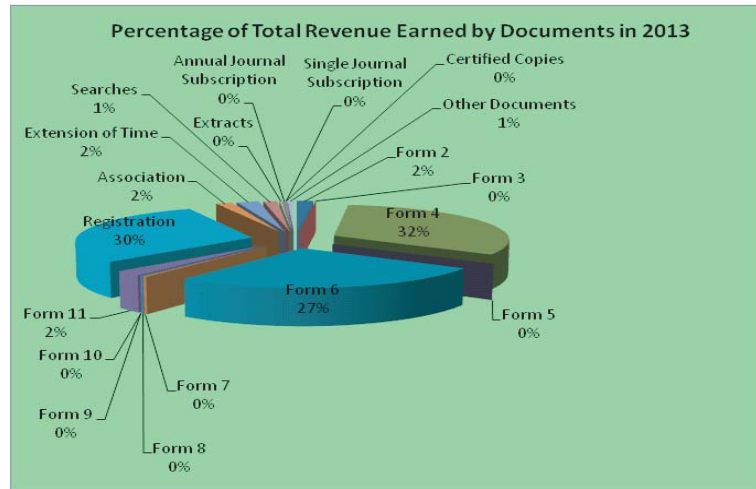
It can be seen that the amount of revenue received for each quarter also correlates with the number of filings or requests for documents received each quarter in 2013.

Revenue received for third quarter recorded the lowest particularly below K150,000 while the other quarters recorded above K150,000 with first quarter recording the highest above K200,000.

Figure 10 below also presents the same information in the form of a pie chart demonstrating the amount of revenue earned from each document in percentage terms.

New applications, registrations and renewals constitute the highest percentage of income earned by Trademark Section for IPOPNG.

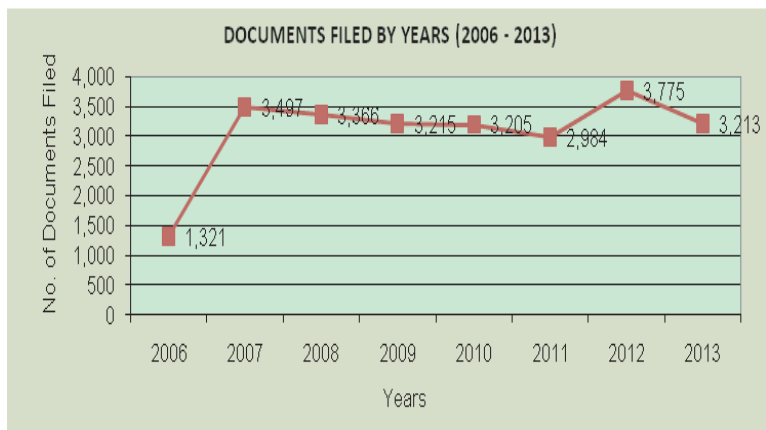
Figure 10: (above top right) Pie Chart Showing Percentage of Total Revenue Earned by Documents in 2013



2.3 Statistics for 2006 to 2013

The following tables and graphs present the total number of documents received and income generated by years from 2006 to 2013.

Figure 12: Line Graph Showing Trend of Documents Filed by Years (2006 to 2013)



Refer to the table in Figure 10 (above) to obtain specific filing figures for respective documents and requests as the line graph in Figure 11 above only depicts the overall number of documents received for each year.

It is also worth noting that data presented for year 2006 is not representative of the actual number of documents received due to our migration from CORE to IPAS system in August 2006.

Thus, observations cover only the years 2007 to 2013.

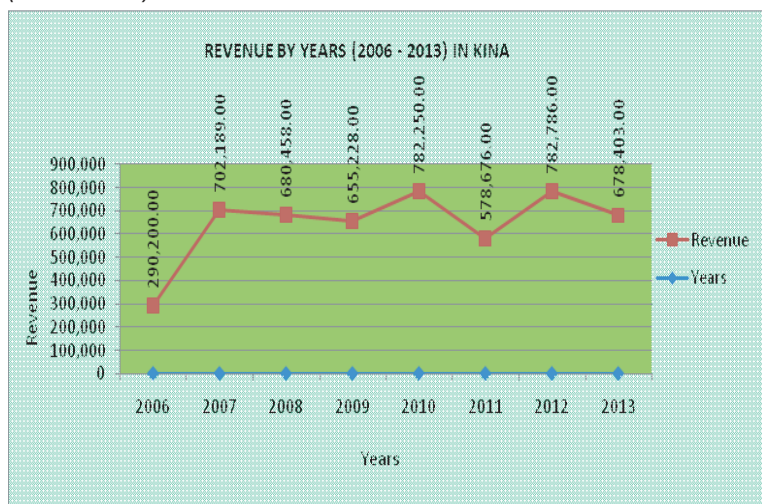
The trend of lodgments lodged over the years has generally been the same as shown in the line graph above (Figure 11) however, year 2012 in particular has recorded the highest with 3,775 while year 2011 recorded the lowest with 2,984.

Lodgments for the other years recorded within the range of 3,000 to 3,500.

Figure 13: Table Showing Total Revenue in Kina Generated by Years (2006 – 2013)

Year	2006	2007	2008	2009	2010	2011	2012	2013
Form 2	5,190	20,875	13,525	14,125	18,925	12,070	11,075	11,375
Form 3	200	0	200	1,800	1,200	500	0	500
Form 4	165,750	143,150	172,570	106,950	177,140	142,265	221,550	218,320
Form 5	0	1,400	0	200	200	50	0	0
Form 6	68,400	213,450	189,400	207,320	374,360	190,025	218,600	179,790
Form 7	4,600	5,000	2,900	8,250	4,600	2,400	5,200	2,400
Form 8	400	250	725	700	600	800	1,525	1,550
Form 9	0	50	50	0	0	0	0	0
Form 10	50	150	0	600	0	0	0	0
Form 11	21,400	43,800	30,425	23,700	35,150	25,775	31,100	15,800
Registration	18,550	228,250	222,630	248,990	138,850	161,700	240,750	203,730
Association	2,100	15,550	18,600	13,900	8,950	12,750	12,950	11,450
Extension of Time	1,120	7,870	8,740	7,810	5,760	10,400	8,900	15,350
Searches	1,400	15,550	13,200	9,850	5,300	9,200	11,535	9,630
Extracts	90	2,055	2,595	6,445	1,625	1,915	3,870	1,985
Annual Journal Subscription	500	1,375	2,250	1,750	1,625	1,500	2,110	1,750
Single Journal Subscription	150	840	450	920	270	145	150	150
Certified Copies	250	925	200	208	625	402	1,454	338
Other Documents	50	1,649	1,998	1,710	4,070	6,779	12,017	4,285
Total	290,200	702,189	680,458	655,228	779,250	578,676	782,786	678,403

Figure 14 below: Line Graph Showing Total Revenue Generated by Years (2006 – 2013)



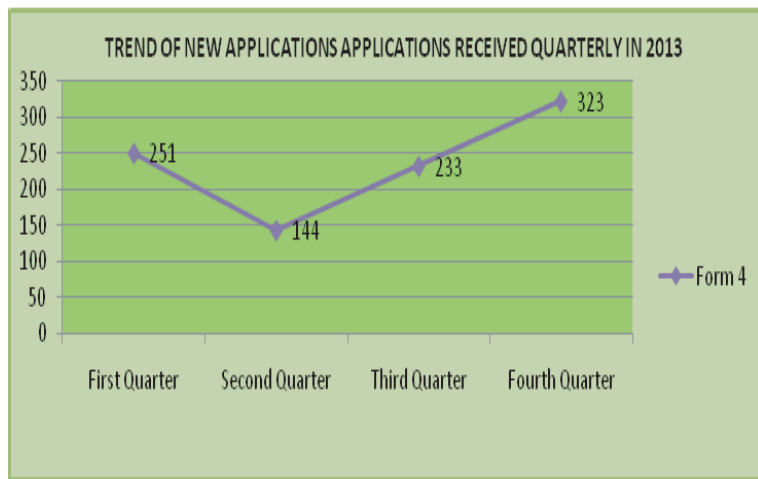
Again, the total income received from respective documents can be obtained from the table in Figure 13 above as the graph in Figure 14 only depicts the overall revenue received for each year.

Also, the revenue for year 2006 is also not representative of the actual revenue generated due to our migration from CORE to IPAS system in August 2006 thus, observations are made based only the years 2007 to 2013.

Revenue received for most years remained within the range of K600,000 to K800,000 per year except for year 2011 which experienced a decline in revenue recording K578,676

2.4 General Observations on New Trademark Applications

Figure 15 (above top right): Graph Showing the Trend of Total Number of New Applications Filed Quarterly in 2013

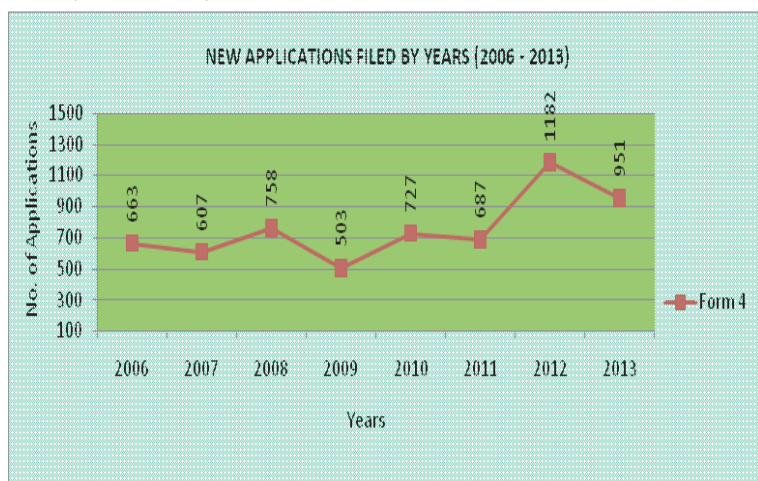


The line graph above (Figure 15) shows the trend of new trademark applications filed for each quarter in 2013.

There was a decrease in the number of filings for new applications in second quarter compared to first quarter however, filings had gradually increased in third and fourth quarters of 2013.

Also, despite a general decline in the total number of filings for all documents in third quarter, new applications still recorded an increase.

Figure 16: Line Graph Showing the Trend of New Applications Filed by Years (2006 – 2013)



As shown in the line graph above (Figure 16), there were slight variations in the number of lodgments for new applications over the years however, year 2012 recorded the highest particularly over 1000 mark. Although this year experienced a drop in the number of filings compared to 2012, it ranks second highest with a total record of 951 lodgments.

3. Conclusion

Generally, the key documents filed each year are new applications, registrations and renewals which also remain the major sources of income for Trademarks Section and IPOPNG as a whole.

This year, third quarter recorded the lowest number of total filings both for documents and revenue received and it is noted that the prolonged delays with payment confirmations from Finance office during the months of August and September has been the major cause of the decrease in filings. Thus, many of the lodgments for third quarter were carried over to fourth quarter.

Specific observations on filing of new applications by class and country of origin could not be provided due to time limitation, considering the fact that extraction of statistics for such data cannot be done easily on IPAS at present and requires a lot of manual compilation of statistics.

All in all, much of the activity taking place in Trademarks Section involves new trademark applications, registrations and renewals as revealed by the filing trends over the years.

C. Patents and Industrial Designs

1. Purpose

The purpose of this report is to inform the Registrar and interested individuals of the performance and overall status of the section with respect to the following;

1. The progress of the applications received from 2002 – 2012 and;
2. The number of applications received in 2013 and their status
3. The total revenue generated within 2013 commencing 3rd January end ending 04 December 2013.

2. Introduction

This year has proven to be both successful and challenging with the continued increase in the number of patent applications filed with the office. This increase has posed a strain on the section particularly due to several reasons as listed below.

- Vacancy of the database officer (who is the IPAS administrator) which has created a knowledge gap on how to address occurring technical problems with the system that are report by users. Presently there are backlogs of problems that are yet to be addressed.
- Incomplete automation of work processes in IPAS.
- Only one examiner currently conducting examination while the assistant is yet to commence training on search and examination.

Hence, processing of patent and industrial design applications still remains a challenging task.

The demand to manage work processes within the section have soared also because of the notable increase in the number of PCT applications including the awareness on international obligations to which PNG must meet as a member to certain international treaties and conventions such as the Paris Convention and the Patent Cooperation Treaty.

Other notable challenges included identifying loop holes in the legislation in regards to processing of applications.

These impediments and limitations have proven to have had an adverse effect processing of applications by the responsible officers. Despite these challenges, the section generally has done well seeing an increase in revenue of K207, 597.00 compared to last year.

This can be attributed to the increased level of awareness in becoming

ing vigilant while developing work processes within the office and ensuring proper follow through with client requests for payments.

In summary, the section has maintained its revenue generation despite the challenges faced. It is anticipated that in time when these challenges are addressed, the section will continue to perform well in its revenue collection and is expected to also improve in its work process including service delivery to clients.

3. Patents Applications

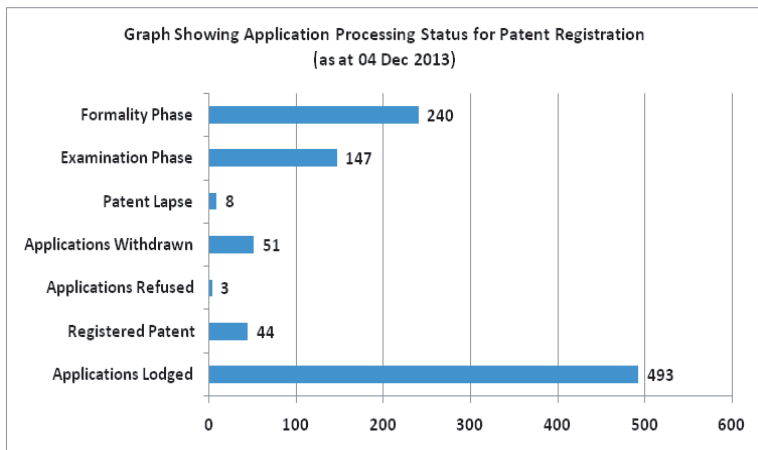
From 2002 to 2013, a total of 493 patent applications were filed with the office which is a significant increase from the previous year whose total was 417 filed applications. This year alone a total of 75 patent applications (and counting) were received as of 04 December 2013.

Amongst the 493 patent applications filed, 51 have been withdrawn and 3 have been refused which gives us a total of 439 active applications currently in our records.

Table one below shows the progressive statistics for patent applications from 2002 till to date (i.e. 04 December 2013). See table 1 and graph 1 shown below.

Table one showing the progressive statistics of patent applications as of 04 December 2013

YEAR	Applications Lodged	Registered Patent	Applications Refused	Applications Withdrawn	Patent Lapse	Examination Phase	Formality Phase
2002	1	0	0	1	0	0	0
2003	5	1	0	2	1	1	0
2004	8	4	0	1	1	2	0
2005	29	9	2	12	1	4	1
2006	30	16	0	3	2	7	2
2007	34	8	0	10	2	12	2
2008	46	4	1	9	0	25	7
2009	52	2	0	4	0	44	2
2010	62	0	0	8	1	52	1
2011	67	0	0	0	0	0	67
2012	84	0	0	1	0	0	83
2013	75	0	0	0	0	0	75
TOTAL	493	44	3	51	8	147	240



From the 432 applications, 52 applications have been granted however 8 have lapsed due to non-renewal so presently; the actual number of active patent applications inclusive of active patents is 432 which are pending the following processes:

1. Grant Recommendation by examiner
2. Payment of Grant & Publication by client
3. Awaiting client response to first examination report
4. Due Date Lapsed Examination
5. Client's response to the objections raised by the examiner
6. Pending dispatch for search and examination report to IP Australia
7. 18 month period before commencing examination

Like 2012, most of these applications filed this year disclose details of inventions relating mainly to (1) the processing of the liquefied natural gas, (2) the chemical and gas catalysts that will be used in the process of fractionating the heavy hydrocarbons, (3) the recovering and recycling of used waste products and (4) the various machinery accessories that will be needed for optimum recovery of the hydrocarbons.

There is however a new inclusion of seabed mining processes and apparatus as well that has been filed this year in light of the seabed mining project in the country by Nautilus.

APPLICATION OBJECTED BASED ON FORMALITIES:

From 2002 to 2013, 16 applications were objected based on formalities and these objected applications are all from this year 2013. Most of the applications were objected mainly due to the following reasons;

1. Copies of the Verified English Translation and the Power of Attorney and Statement Justifying the Applicant's Right filed with the application.
2. Verified English Translation in languages other than English
3. The claims or claims pages of the applications are marked up copies or contained typographical errors.
4. The pages of the invention specification are not numbered or are numbered incorrectly.
5. PCT Request not filed with the applications.

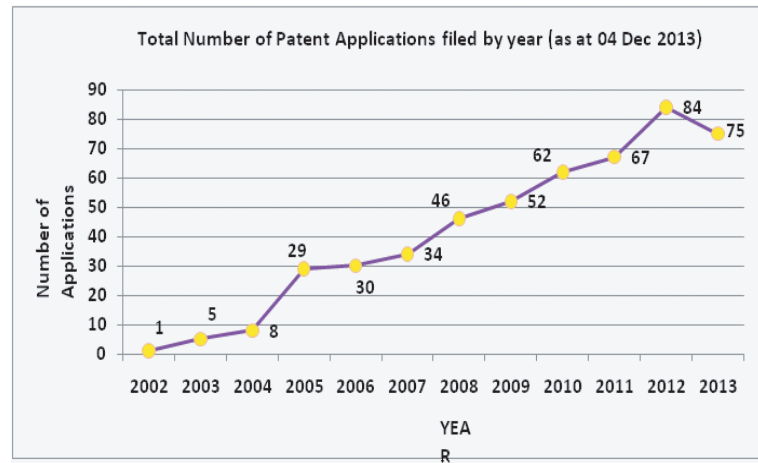
LODGEMENT HISTORY: Past to Present

Application has over the years increased in a linear trend having a sharp peak in 2005 due to the accession to the Patent Co-operation Treaty.

This accession has created an attractive avenue for multinational companies such as ExxonMobil, Shell, Barrick Gold and others to file applications in PNG to seek patent protection for the processes they use in the extractive industry including the machines.

Chart 2 showing the total number of patent applications filed by year

since 2002 (below)



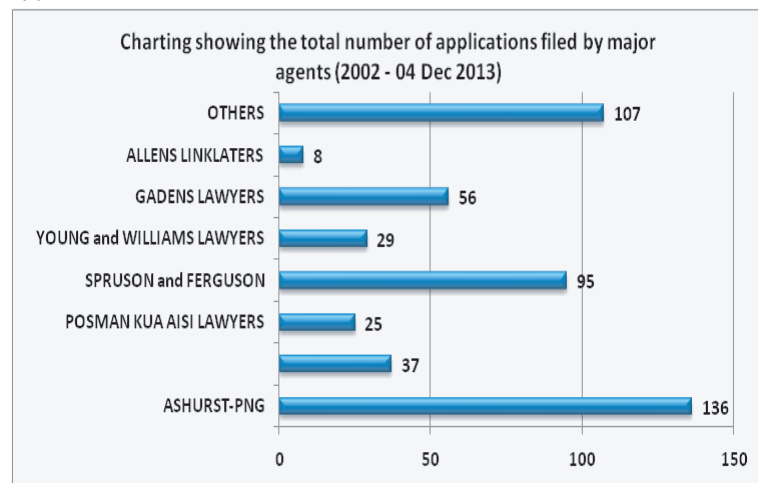
These applications were filed by agents/representatives within Papua New Guinea and most of whom are law firms. Ashurst – PNG is a locally based firm and has over the years been one of the key agents in filing of applications with IPOPNG.

Spruson and Ferguson is an Australian law firm who has DFK Hill Mayberry as its local address for service and hence act as a representative of the Australian firm. It may also prove worthy to note that Spruson and Ferguson is our major agent acting for applicants filing for patent protection in the LNG sector here in PNG.

The chart below gives a brief illustration of the major agents based in PNG who are considered by the office as regular clients.

The minor group of agents termed as "others" consist of accounting firms, some law firms and other private businesses that also act as representatives or agents but file less than 5 applications in a year for registration.

Chart 3 showing the major agents used by applicants to prosecute their application in PNG

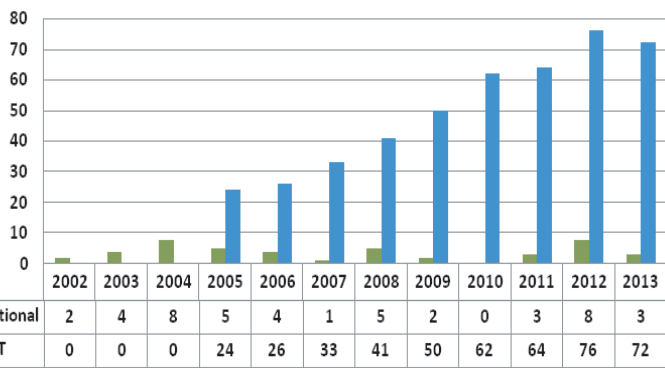


From the total of 493 applications filed thus far as of the date of this report (i.e. 04 Dec 2013) the increasing trend of PCT filings continue to rise as illustrated in the bar graph below.

Despite the fact that there are only 72 PCT applications currently filed with the office, it is anticipated that more applications will continue to come in before close of business for the year.

Chart 4 showing the total number of PCT applications filed against national applications. (page 20)

Chart showing the total number of types of applications filed in PNG (as at 4 Dec 2013)



APPLICATION BY FIELD OF TECHNOLOGY:

From evaluating the field of technology of the inventions filed in 2013, the trend of increased amount of LNG related inventions continues to maintain momentum as is for the last 3 years since 2010.

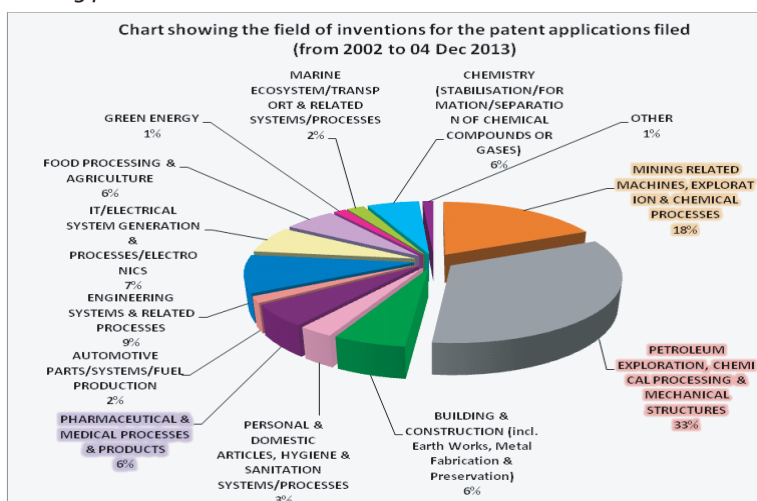
In 2012, the running total of LNG related inventions was 130, as of the date of this report, the total now sits at 164 inventions filed, which is an increase of 34 applications this year from the 75 patent applications filed in 2013. This constitutes a percentile range of 45% of applications filed this year alone. In 2010, the patent applications filed with the office for the Mining and Chemical Processing category had totaled up to 54%. This result included the applications filed in relation to the LNG project.

However, in 2011, due to the increase in the number of the applications filed for the petroleum sector, a decision was made to separate these two fields in order to amplify the significant impact this project has made in attracting a huge amount of applications seeking patent protection for their respective inventions.

Over the years, it is realized that the trend in filings for LNG related inventions has significantly increased within a space of 3 years and consequently over taking the mining sector which has had a steady growth in the number of applications filed annually for the last 11 years.

On the same note, there is a notable increase in certain fields of technology particularly including pharmacy, chemistry, marine, engineering, I.T and electricity generation.

Chart 5 showing the major fields of technology that applicants are seeking protection for in PNG.



While this increase in applications is good, it is however, detrimental to some extent wherein the protection gained will allow for monopoly by the owner of the patent in PNG.

This has had a notable impact in the pharmaceutical industry in PNG, in particular, access to medicines which has been brought to the attention of the office this year by the Department of Health and the National Aids Council.

Currently, the offices are working together to find avenues under the Trade Related Aspects of Intellectual Property Rights (or TRIPS) to implement flexibilities available under the said agreement to allow for access to medicines in PNG.

Hence, while it is benefiting to see the increase in investment within the country, it is necessary also to take stock of the negative impact of these investments and to ensure that systems are in place to protect the people of PNG.

APPLICATION BY NATIONALITY

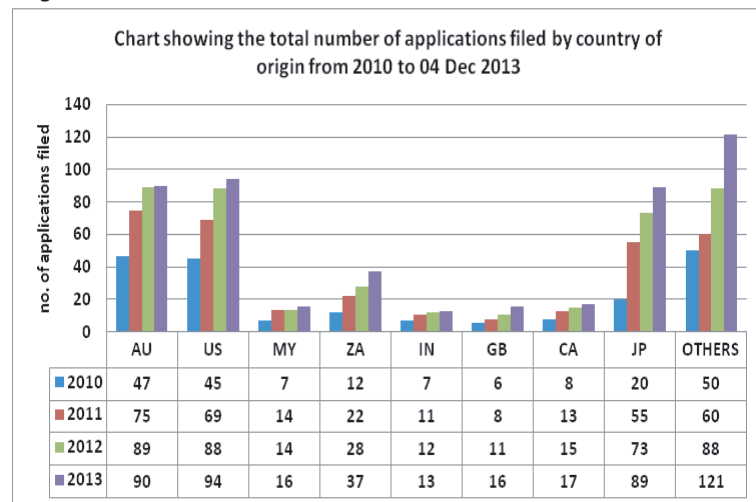
Since 2010, there has been a steady trend of increase in filings from 3 developed countries namely Australia, USA and Japan.

These countries have a main trend in filing of inventions relating to the mining and petroleum sector with an increased concentration over the last 3 years in the production of LNG.

Following this trend of filings is Republic of South Africa, and Canada.

Malaysia and India has filings in several fields of invention notably agriculture and pharmaceutical fields while Great Britain has applications in all the major fields particularly in engineering and seabed mining related inventions.

Chart 6 showing the total number of applications filed by country of origin.



APPLICATION BY MAJOR APPLICANTS:

From the above statistics, there were several companies who filed numerous applications with our office over the years, however, of the lot, 10 applicants stood out based on their progressive filing totals.

A total of 314 companies fall in the category of "others" based on the fact that most have lodged only one application while a handful have lodged 2-5 applications for different field of inventions.

In assessing the total number of filings by applicant, it can be seen that there is a major applicant that has filed 66 applications within a space of 3 years for inventions relating purely to the production of LNG and these applicants have Japanese origin namely;

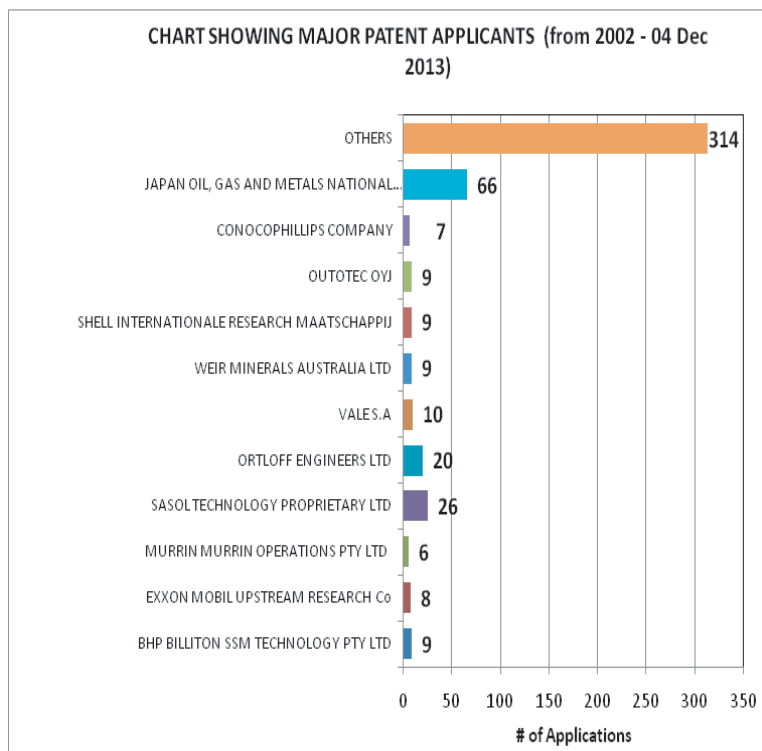
1. JAPAN OIL, GAS AND METALS NATIONAL CORPORATION;
2. INPEX CORPORATION;
3. COSMO OIL CO., LTD;
4. NIPPON STEEL ENGINEERING CO., LTD;
5. JAPAN PETROLEUM EXPLORATION CO., LTD.
6. JX NIPPON OIL & ENERGY CORPORATION

While this interest is considered welcoming, it has become a cause for concern for the office particularly in processing these applications.

This is because most of these applications are found to be based on only 1 complete invention but applicants tend to seek protection for each technical feature (i.e. temperature, time, catalyst, parts of a process, parts of a machine) of the invention in which if granted patent would result in protection of that particular invention for 20 years (i.e. standard protection term) multiplied by the number of applications granted resulting in possibly 100 years protection if all 5 applications are granted by the office.

This will result in monopoly within the country for the LNG industry.

Chart 7 showing the major applicants who consistently file annually with IPO PNG



Other major applicants in the LNG and mining industry who would also have the same impact as the previous applicants are:

1. AUSTRALIA:
BHP Billiton Technology Pty Ltd, Murrin Murrin Operations Pty Ltd, Weir Minerals Australia Ltd,
2. USA:
ConocoPhillips Company, ExxonMobil Upstream Research Co., Ortloff Engineers Ltd

3. REPUBLIC OF SOUTH AFRICA:
Sasol Technology (Proprietary) Ltd

CHALLENGES FACED IN PROCESSING APPLICATIONS

Formalities:

1. Non filing of Form 1 and PCT Request Forms Patent applications. Clients tend to defend their cases for not filing the appropriate forms, thus questioning the relevant sections 19 and 25 of the Patent & Industrial Design Act which administers the formal process of accepting patent applications.
2. New applications filed with the office after the 31 months time limit for claiming priority. Clients tend to request for an extension of time to file late PCT applications or giving unsubstantiated reasons for late filing.
3. Late filing of the original signed legal documents, that is, the Power of Attorney and Statement Justifying the Applicant's Rights.
4. Non filing or filing of the copies of the English Verification Translation Certificate with new applications.
5. Incorrect numbering of the specification pages or pages not numbered at all.
6. Applications filed with marked-up claims or claims that contain typographical errors.

Examination:

1. Increased in number of applications for examination which is conducted by 1 examiner only.
2. Applicants becoming smarter in dividing the technical features of an invention and applying in more than 1 application resulting in possible increase in the number of years of protection from the standard 20 year if each application is granted in PNG.
3. Increase in the technical content of the applications received and thus making it difficult for examiner to examine as to form based on item 2.

Work Process Development:

1. Continued problems with IPAS has impacted our work output resulting in delays in the work process because it had to be done manually

Capacity:

1. The section currently has only 1 senior officer and 1 assisting officer and with the increase in the number of work, in particular applications including other section related matters on policy, legal and development projects the work output of the section has declined overtime.

4. Industrial Design Application

The number of Industrial Design applications filed with our office from 2002 to 2012 has totaled up to 34. From the 34, 3 were withdrawn which leaves the total to 31 active files currently in our records.

This year 2013, only 1 application was filed and this is reflected in the table below.

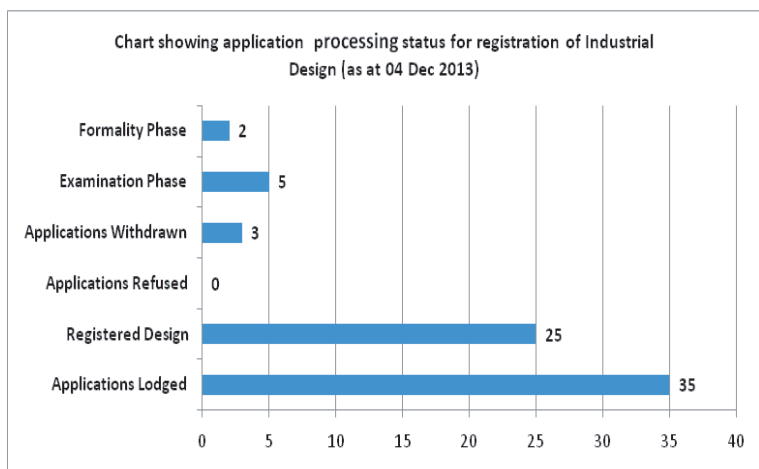
Table two showing the progressive filing of industrial design applications from 2002 to 04 December 2013

YEAR	Applications Lodged	Registered Design	Applications Refused	Applications Withdrawn	Examination Phase	Formality Phase
2002	0	0	0	0	0	0
2003	2	0	0	2	0	0
2004	3	3	0	0	0	0
2005	4	4	0	0	0	0
2006	4	4	0	0	0	0
2007	6	5	0	1	0	0
2008	6	6	0	0	0	0
2009	2	2	0	0	0	0
2010	1	1	0	0	0	0
2011	6	0	0	0	4	2
2012	0	0	0	0	0	0
2013	1	0	0	0	1	0
TOTAL	35	25	0	3	5	2

To date, 25 industrial design applications have been granted so far from the 35 that was filed.

This leaves a total of 5 applications that are still pending in examination phase while 2 are in formality phase pending examination.

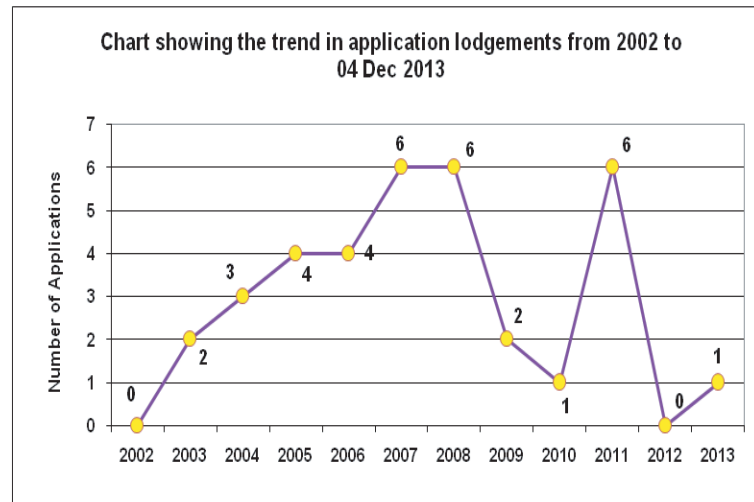
Chart 8 showing the status of processing of applications



LODGE MENT HISTORY: PAST TO PRESENT

Furthermore, a progressive illustration of the filing trend over the years is shown below in the line graph which depicts a parabolic shape noting the rise and fall in the number of applications filed since 2002 to date.

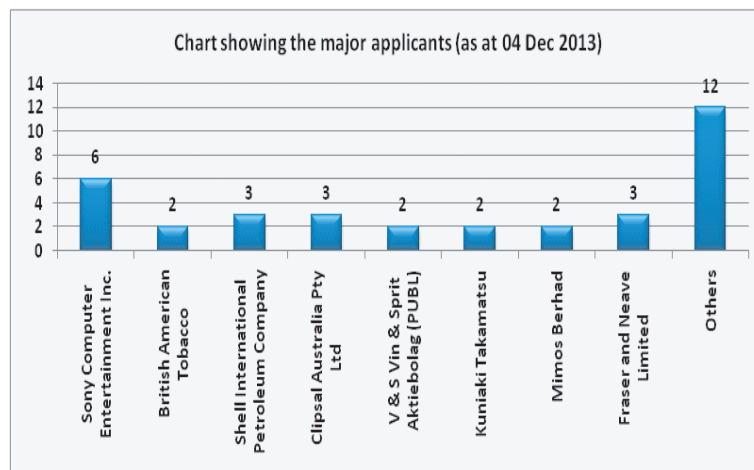
Chart 9 showing the trend in application lodgements over the years since 2002



Despite the obvious decline in the number of applications, there were 12 different companies that lodged their application from 2002 to 2013. Of the 12, 9 companies stood out because of the number of applications lodged over the years with our office.

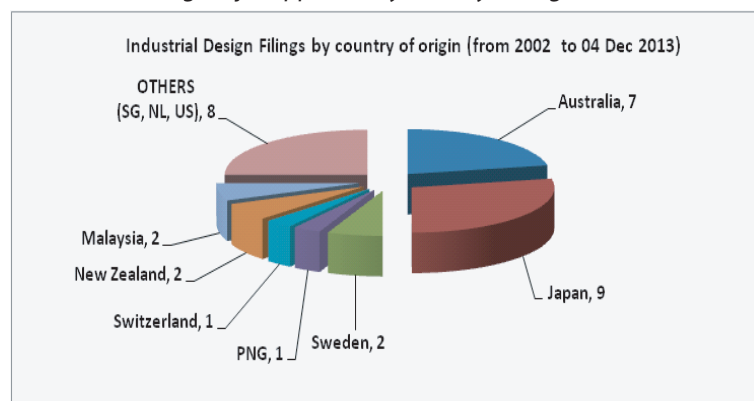
The recent filing was by Yamaha Motor Power Products from Japan and this is captured under “others” in the graph shown below.

Chart 10 showing the major applicants for industrial design applications in PNG



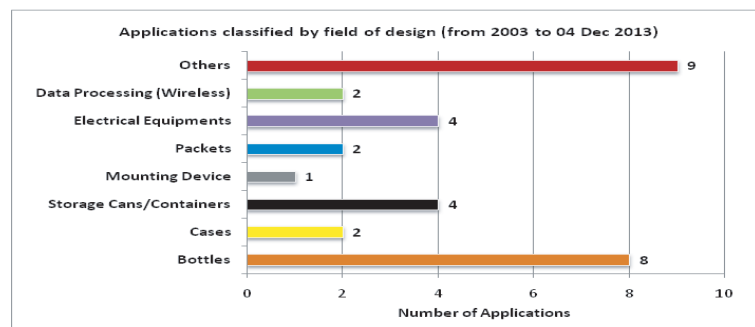
Most of these companies showing in the above column graph and who seek protection for their industrial designs here in PNG are mainly from Australia, Japan and Sweden while the rest are from other countries such as Singapore, Netherlands and USA. These is illustrated in the below pie chart.

Chart 11 showing major applicant by country of origin since 2002



Furthermore, most of these designs according to the Locarno Classification were from "Bottles" and "Cases/Packaging containers" while the rest were from various classification fields as can be seen below.

Chart 12 showing the total number of applications filed by class since 2002



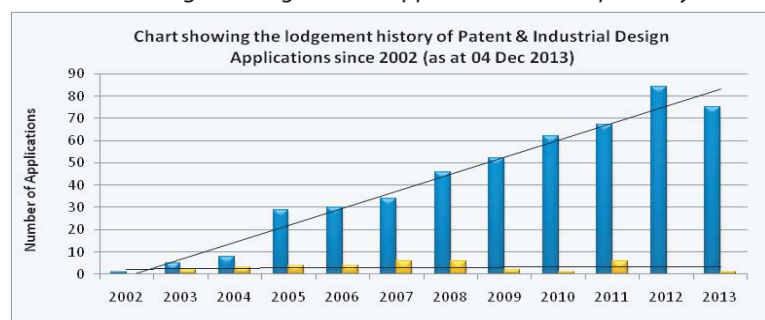
Challenges Faced:

Due to the low number of filings for industrial design, there has not been any significant challenges faced compared to patents. It may be necessary to inform, however, that the search and examination process for industrial design applications including its work process still requires improvement in light of recent changes in the trend of designs available in PNG relating to the SME sector notably the growing industry of PNG inspired fashion clothing.

FINANCIAL STATEMENT:

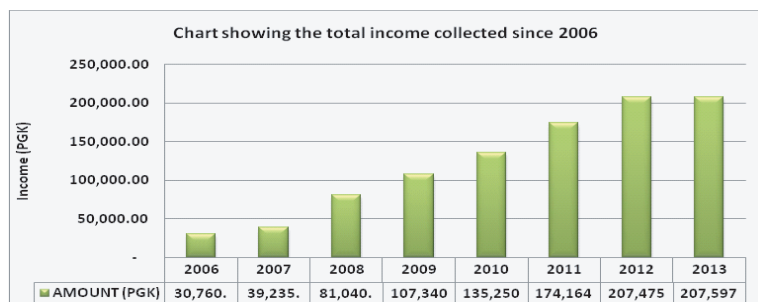
Despite the fact that the number of applications filed this year did not increase for patents compared to last year's total of 84, at the time of writing the report, this did not impede the section from making a marginal increase in the total revenue collected for this year. As mentioned earlier, the section has made an increment of K31, 000.00 than last year. As shown in the lodgment history of the applications, it is anticipated that this year the patent applications will still increase despite the constant decline in industrial design applications as illustrated in the graph below. The graph shows a linear increase in the number of patent applications filed each year in contrast to the industrial design applications which has a consistent filing for the last 10 years since its inception.

Chart 13 showing the filing trend of applications for the past 11 years



Furthermore, likened to the increase in applications is the amount of revenue made over the last 8 including this year has demonstrated a linear increase as well and for this reason, it is predicted that the total revenue income for the section will continue to increase as the years progress.

Chart 14 showing the total amount of revenue collected since 2006 (above top right)



a total amount of K207, 597.00. K73, 000.00 along came from new lodgment of patent applications while industrial design contributed a total of K300.00. The remainder of the income came from other patent requests including renewals, grant fees, extension of time fees, correction fees and late fees. In comparing the total to last year, this year there was only an increase of approximately K100.00 from last year, however, this is expected to increase based on the trend in filing of new applications.

FINANCIAL BREAK-UP:

Please note that the totals below show amounts that is inclusive of industrial design applications as well.

Description	Amount (PGK)
New Application:	
Industrial Design	300.00
Patent	73,000.00
	73,300.00
Annual Renewals:	
<i>Patent:</i>	
2nd Annuity	340.00
3rd Annuity	12,715.00
4th Annuity	17,480.00
5th Annuity	13,350.00
6th Annuity	12,870.00
7th Annuity	9,600.00
8th Annuity	11,040.00
9th Annuity	9,900.00
10th Annuity	7,680.00
11th Annuity	4,200.00
	99,175.00
<i>Industrial Design</i>	
1st Renewal	450.00
2nd Renewal	-
	450.00
TOTAL	99,625.00
Grant/Registration:	
Patent	-
Industrial Design	100.00
	100.00
Miscellaneous:	
Other Patent Requests	26,484.00
Other Documents	720.00
Extension of Time	4,820.00
Correction of Application:	
Patent	1,330.00
Industrial Design	50.00
Search carried out by the Registrar	300.00
Change in ownership	850.00
	34,554.00
2013 TOTAL INCOME (as at 4/12/13)	207,579.00

For this year alone, as of the 04 December 2013, the section collected

Chart 15 showing the revenue break-up of income collected in 2013 (below)

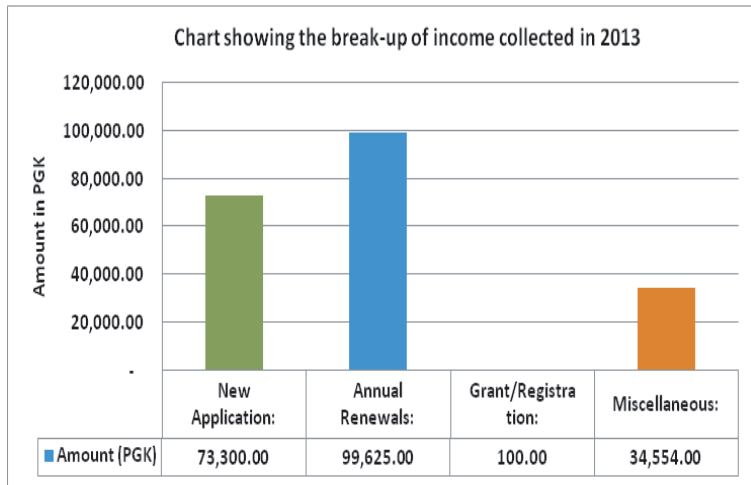
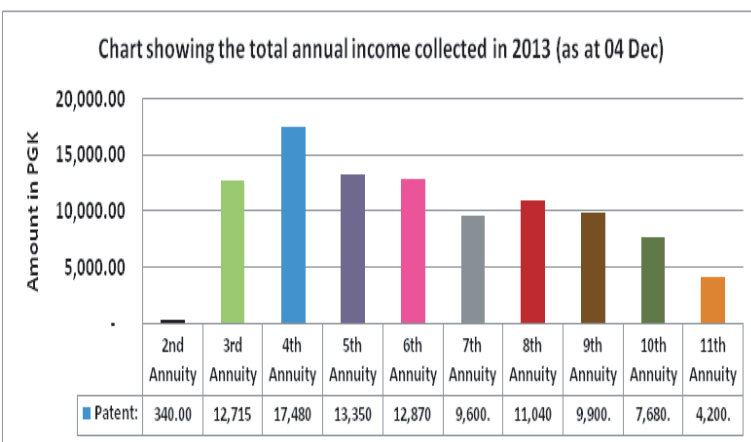


Chart 16 showing the revenue collection for annual renewals alone collected in 2013 (below)



Despite this linear increase in financial income every year, it is anticipated that there is room for additional growth in the collection of takings; however, all of this is very much dependent on the improvement of the current processes that are in place.

Summary Highlights

- From the pictorial view of the graphs shown for both Industrial Design and Patents, it can be seen that the lodgment of applications continue to vary from one year to another with obvious increase for patents and consistent low for industrial design.
- Majority of the patent applications lodged were mainly related to the Mining and Petroleum Industry with applicant origins from Japan, Australia, Republic of South Africa and USA. This has also seen a reasonable increase in applications lodged by some major companies who specialize in that industry as demonstrated in the graphs disclosed in this report.
- The financial growth for this year remains steady as anticipated however without a big increase as compared to last year’s total at this time of the year. This is attributed to the backlogs within the section particularly examination.

C. Business Registrations & Certification Division (BRCD)

PART 1 Background

The Business Registrations & Certification Division is the biggest of the five divisions within the Investment Promotion Authority. Within the division, there are three different offices which are established by different legislations 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. The secretariat of the **Accounting Standards Board** as established under the Companies Act 1997, and
4. The **Legal & Enforcement Unit** of the Investment Promotion Authority.
5. The **Foreign Certifications Unit**.

The functions and services within the Division are therefore primarily public repositories of records, and regulatory.

PART 2 Divisional Management and Structure

The management of the Division is headed by the Director who is also the Registrar of Companies and assisted two Deputy Registrar of Companies, the Executive Office, Accounting Standard Board, and Manager Certification, dealing with operations, legal, Accounting Standard Board and Foreign Certification issues.

Under the Authority's present structure, the Director of the Division holds the statutory appointed positions of Registrar of Companies and Registrar of Incorporated Business Groups, as well as the Chairman of the Accounting Standards Board.

A divisional structure is attached as Attachment 1. The various sections and units in the divisions reflect the core functions or legislations administered within the Division.

FUNCTIONAL INDEPENDENCE OF STATUTORY OFFICES WITHIN IPA

As reported over the previous Annual Reports, 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 provides the administrative umbrella and management for the other statutory offices and functions.

Whilst providing that umbrella, the Investment Promotion Authority has also provided and maintained 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 Investment Promotion Authority.

PART 3 Operational Summary

The divisional work programs in 2013 and previous years incorporated the number of different statutory functions carried within the division.

Most of those programs and activities have been recurrent over the years except for new inclusions on the review of the Companies Act 1997 & Business Names Act 1963, and the Online Lodgment Registry projects.

One of the major policy shift for the division was the decision by the Registrar of Companies to cease wholesale deregistration of companies but on a piece meal basis as and when required.

The shift also realizes the importance of educating the directors, management and shareholders of companies of their duties, functions, powers and responsibility as a shareholder, director and management.

This shift in policy was necessary given the economic growth and the government's supports on the small to medium enterprises (SME) growth.

Furthermore, our records shows that many Papua New Guinean from the resources sectors, especially petroleum and the mining industry have registered significant number of companies and these are village people who have no idea on the basic knowledge on the operations of a company.

Hence it is the duty of the Registrar of Companies assist and educates the shareholders, directors and management of the companies, majority of whom are Papua New Guineans who are venturing into formal businesses due to the current economic boom.

Therefore significant emphasis has been given on conducting education on the roles and responsibilities of directors, shareholders and management of a company.

The annual work programs of the Offices of the Registrar of Companies, the Accounting Standards Board, and the Legal & Enforcement Unit in year 2013 were consolidated into a divisional work program.

KEY ELEMENTS OF THE 2013 WORK PROGRAM

Apart from recurrent work program, the Division has undertaken the following new projects in consultation with the board and management of the IPA.

i. The Companies Act & Business Names Act Review

The Authority has embarked reviews on the number of legislations it administers, with the assistance of the International Finance Corporation (IFC).

The Review of the above Bills were completed and the drafting instruction was cleared by the NEC and was forwarded to the First Legislative Council in October 2013.

Other reviews are being currently undertaken in-line with national government policies on the SME sector, the indigenous business models, trade commission office, reserve activities lists and the foreign investment review board.

ii. Online Facilities for Lodgment and Searches

The online lodgment project was completed in November 2013 and formally launched on the 29 November 2013. While the registry function is already on line, the bills are not yet passed by Parliament. The regulations to the bills have yet to be approved.

Hence, the new forms have not been used. Clients are currently using the current forms as they are. Once the bills are passed and the regulations approved by the Dead of State, the new forms will be applied. There will be also increases in both companies and business names fees.

iii. Compliances and awareness

The attitude and culture towards compliance of statutory requirements is still greatly lacking mostly from the locally owned and managed companies and other enterprises.

To demonstrate that observation, a major compliance audit was undertaken by the Office of Registrar of Companies in year 2011 and it was discovered that only 4618 of the about 30, 498 registered companies complied with the compulsory annual meetings and submission of the company annual returns to the Registrar's office.

It was difficult to obtain data as a result of the interruptions to the Company Registry data base a result of the migration of data from the former CORE System to the current web base online lodgment system.

The Division therefore had in its work programs; plans to carry out awareness activities to ensure registered entities were complying with statutory requirements. In the last quarter of 2011, the Registrar of Companies sent two officers to try out a pilot project in carrying out public awareness on the roles and functions of shareholders, directors and management of companies on Autonomous Region of Bougainville (ABG).

The feedback delete received from the business houses and general public on the ground was overwhelming. It appeared from the exercises that more awareness needs to be conducted to educate the people on the roles of the Registrar of Companies, the role, duties, powers and functions of directors, shareholders and management of companies.

The Division anticipated to carry out the above differed awareness in the third quarter of 2013 in anticipating that the online lodgment will go live in May 2013. However the online lodgment went on the air on the 25 November 2013 and launched on the 29 November 2013. So the awareness will be carried out in the 2014 financial year.

iv. Companies Deregistration

No deregistration exercise of companies was conducted this year

because of the Registrar's policy shift in 2012 as per paragraph ii above. Only few deregistration took place upon request by Companies through their Board and Shareholders.

v. Work queues

The 2013 financial year has been a real challenge for the Division. All available resources were utilized to ensure all available data from the former CORE System is transferred to the new web base system. As a result all queues under the former system were brought to Zero level and all data were migrated to the new system.

The queue is now slowly building up as people now have very easy and efficient system of lodging their documents. The 2014 annual report will provide full report on the new operations, efficient and effectiveness of the new system.

PART 4 Set-Backs and Challenges

But there have been also set-backs and challenges that affected the implementation of work programs and activities. The following are challenges and issues that continue to be faced by the Registrar of Companies in the performance of his powers and functions.

i. The Registrar of Companies' powers and functions over assets of defunct companies

The Office of Registrar of Companies has not been able to fully perform its statutory powers and functions on the assets of defunct companies on reasons of capacity constraints. The office has dealt with only few cases and on ad hoc basis but there are following setbacks;

- (a) Firstly there is no approved unit or staffing capacity for the Registrar's office to fully carry out these statutory functions and powers over defunct companies. Budget and funding constraints has also been a factor as the functions will involve physical inspection of properties, searches at the Registrar of Titles, Publication costs and other related costs
- (b) Secondly, the current legislative provisions on the Registrar's powers and functions over asset of defunct companies are so wide and in vesting terms only without any express procedures or rules whereby the Registrar's office can transparently perform his powers and functions. The lacking to these effects have created a situation for likely abuses or if not contentious issues.
- (c) The statutory deficiencies (above) gives room for policy statements and guidelines, and procedural rules to be developed to fill in the statutory gaps. But the Registrar's office has yet to develop such policies, guidelines and rules to cover all the aspects of his powers and functions over assets of defunct companies.

The Board approved the establishment of the Asset Management Unit (AMU) within the Registrar of Companies. However, that has not been implemented due to organizational structure constraints and funding difficulties.

The only notable progress in the Asset Management was the establishment of the Registrar's Trust Account and the policies and guidelines on the management of the Trust Account.

However, that is only on the cash component of assets of defunct companies that is vested with the Registrar. There are no policies and guidelines as yet for the other categories of assets and interests that falls under the Registrar's jurisdiction.

ii. Register related disputes

(a) Disputes in resource landowner companies

Disputes in board, management and shareholding of companies within the resources sector have been a challenge and a nightmare for the Registrar of Companies Office. Lately in 2013, there has been an increase in illegal takeovers of companies by individuals not involved in the resources sector.

Under the current web base Registry system, the Registrar has been issuing "Authority" to companies and their agents. Clients have been advised to registered with the Registrar of Companies as a user of the new system.

The Registrar has advised the board of companies' to appoint a director or an agent to conduct changes and file lodgments with the Registrar.

When clients with board resolutions or a letter of authority from the board of the company, the holder of such notice is issued with a special identification and password to have access to the dash board of the particular company. The only person with the authority granted by the Registrar can be able to file lodgments to change records.

There is only one Authority granted for a company. No company has two authorities. This system has now protected companies and their board, management and shareholders. The effectiveness of the above system is yet to be fully tested. A full reports will be included as part of the 2014 annual report next year.

(b) Other register related disputes

There have been other register related disputes that parties have taken issues with the Registrar's office. One such case is the case of Sai Business Group Inc, where because of the rampant mismanagement of the business group, the Registrar of Incorporated Business Group using his powers under the relevant Act revoked the Constitution of the business group which had the effect of terminating the Management Committee.

Several proceedings were filed by different factions. The Registrar of Business Groups also filed a separate proceeding in Lae.

All proceedings under Sai Business Group have been consolidated and it is before the National Court in Lae. The National Court has issued orders whereby a committee or working group to address the share register of Sai Business Group.

The Court in the same Court Order appointed individual prominent business persons in Lae as members of the Sai Working Group. The Registrar is to chair the Committee or Working Group to address the above issue.

The Court has endorsed the final work plan and funding held for Sai under the Registrar's Trust Account was has been released to finally update share register. Currently, the Registrar or his deputy attends to shareholders and Board meetings with Mainland Holdings Limited

on behalf of Sai Business Group.

PART 5 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. This report is an update on the functions of the Unit. The report basically covers the following key issues.

1. Status of Litigation matters;
2. Status of Investigation matters;
3. Status of matters relating to disputes within entities.

1. Status of Litigation matters

As of the last report, there has been an increase in the cases that the Unit attends to. The increase of cases is primarily for Defence matters and as of this report, there are more than 45 cases. It must be noted at the outset that the majority of the Defence matters relate to the functions of the Registrar of Companies as the record keeper.

Most if not all of the matters accordingly deal with disputes of changes to records of company shareholders and directors. The Unit has realized this and is now working on a draft policy on how best to deal with such matters under the Companies Act requirements.

While it is the desire of the LCU to do more prosecution work, we must admit that we lack man-power at the moment and thus it has been difficult since prosecution work involves a lot of investigation and man-hours which we are not able to give considering that we only have 3 lawyers and 1 support staff at the moment.

2. Status of Investigations of Matters

Total matters under investigation now stands at 36. The details are as follows:

1. Breaches of the Investment Promotion Act – 24 (referred to LCU from BIFD)
2. Breaches of the Companies Act (illegal changes to records) - 12

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.

It is intended that a working relationship would be developed with the Alternative Dispute Resolution Centre here in Port Moresby to assist the Unit in dealing with this matters.

Initial discussions have already taken place with officers from the Centre and we hope to establish a way forward soon.

PART 6 Accounting Standards Board

1. Introduction

The Accounting Standards Board of Papua New Guinea (ASBPNG) was established in 2001 pursuant to Section 204 of the PNG Companies Act 1997. It is the responsible government institute in the country mandated with the tasks of setting, adopting, revoking and amending of financial reporting standards (FRSs) within its PNG jurisdiction.

It also ensures to certain degree that relevant mechanisms are placed in the settings within the Companies Office so to assure subsequent compliance with those standards by reporting companies. ASBPNG in its early evolutionary stage has been learning much through sharing experiences and proactively endeavoring to adopt innovative approaches towards capturing the much needed expertise from advanced economies as well as from other sister organizations within the country.

2. Brief Background

Prior to the enforcement date of the Companies Act 1997 and the subsequent establishment of the standard setter in 2001 the function of accounting standard setting was part of the responsibility of the professional institute, the then known Papua New Guinea Institute of Accountants (PNGIA), currently known as the Certified Practicing Accountants of Papua New Guinea (CPAPNG).

This function then was bestowed upon the PNGIA in accordance with Section 24 of the PNG Accountants Act 1996 until the takeover by the ASBPNG. To allow continued involvement of the CPAPNG in the function of standards setting in a more indirect manner Companies Act 1997 prescribes two (2) representatives from CPAPNG in the ASBPNG board.

3. ASB Statutory Obligation

It is said that the ASBPNG's statutory obligation included setting and amending of financial reporting standards purposely so to legislatively substantiate powers and responsibilities. However, historically the dominating function of the standard setter has been making considerations for adoption and/or revocation of IASs and IFRSs as accounting standards in the PNG jurisdiction.

These statutory obligations including adoption and revocation of the international accounting standards apart from other triggering issues are reached through discussions in the half yearly physically held standards setting meetings chaired by the ASB Chairman (the Registrar of Companies). Since its establishment in 2001 the standards setter also has been proactively involved in the international financial reporting standards setting issues mainly through providing comments on exposure drafts as well as other discussion papers received through various media.

4. Exemptions

From 1 June 2012 to date we have received up to 56 applications for exemptions from overseas companies from which at least 10 were rejected. Majority of the granted approvals were facilitated by accounting professionals who are versed with this requirement.

The ASB's work related to granting approvals for exemption on overseas companies from the requirement to lodge audited branch

accounts has been an ongoing event and cumulatively 245 overseas companies have been granted approvals. The secretariat is expected to upload the exempted companies list on the ASB website upon conclusion of updating work. Exempted companies have also been granted ASBD 2 approvals as bonuses in addition to the allowed exemptions. All approved overseas companies that have been exempted are required as a condition under this exemption to provide supplementary notes indicating in PNG Kina value of total assets, total liabilities, net assets and profit or loss.

5. Reporting Currency Approvals

Companies with particular regards to locally incorporated subsidiaries of overseas companies are continuing to obtain approvals for reporting purposes under the ASBD2 wherein foreign currencies become their measurement and presentation currencies. To date 169 companies were granted approvals and hence report in currencies other than PNG Kina under the ASBD2.

In this class of companies as well, the requirement is that they provide summary of total assets, total liabilities, net assets and profit or loss translated in Kina. We also anticipate to post the ASBD2 approved list on the ASB website as soon as updating work has been concluded.

6. ASB Meetings

The half yearly standard setting meetings have not been held all through the year or various reasons. As indicted in the background information the main precluding factor has been the absence of board members and therefore not being able collect a quorum at any one time for a physical meeting. The official meeting notices which were readily in order for issue were not sent out as expected by end of September. The Office of the ASB envisages to issue the meeting notices by early next year. A framework of agendas items for members are in place and we anticipated to be circulate within the membership network.

7. Board Membership

The current board membership still requires a review. One of the main issues to be deliberated in the anticipated board meeting should be to brush up the ASB board membership. This issue should be an agenda in the anticipated meeting. *However, following is how it is on current record (see below).*

	Member Name	Status	
1)	Mr. Alex Tongayu	Current	Chairman/Registrar of Companies (ex-officious member)
2)	Mr. Philip Nauga	Current	Deputy Chairman & Deputy Auditor General (ex-officious)
3)	Mr. Daniel Biti	Resigned	- Certified Practicing Accountants of PNG rep
4)	Dr. Ken Ngangan	Current	- Accountants Registration Board of PNG rep
5)	Mr. Stephen Beach	Current	- CPAPNG Accounting Standards Committee rep - PWC
6)	Mr. David Wardley	Resigned	- Independent member (rep for preparers/auditor) - KPMG in Port Moresby
7)	Mr. Paul Barber	Current	- Independent member (rep for preparers/auditor) - Deloitte Touche Tohmatsu in Port Moresby

Out of the above, Daniel Biti has resigned without a replacement whilst the status of David Wardley and Paul Barber are not fully certain although they too have resigned without replacement.

8. *New Standards*

As revealed by an ongoing research into the happenings within the global accounting profession it is noted that ASB PNG has much catching up to do in terms of adopting new standards. This mishap is directly related to non holding of the standard setting meetings.

The solution to this issue is to start and consistently hold standard setting meetings. Further, it has been identified that no documented record was maintained as an ongoing activity to give a rundown on all approved or adopted standards.

Presumably this may have been due to inconsistencies in the chairman appointment in the past years. Remedial action is being taken to incorporate all issued and adopted standards so to make them readily available for users especially scholars and stakeholders.

9. *Issued Directives*

So far there have been only four (4) issued directives since 2001. Some work has been exerted around incorporating the all four pronouncements into one document apart from having them as separate documents so to aid easy reading and understanding.

10. *Information on Website*

A reviewed of the information captured on the online database is out of date with particular regards to membership, list of exempted companies and list of companies approved to report in currencies other than Kina.

It is noted that some people including scholars have raised concerns that the ASB online information does not provide much information that were needed for their various purposes. Assistance is being sought from the IT to allow the Office of the ASB to update these sets of information as and when there are changes that need updating.

However, it is envisaged that once the preparation of a single set document namely 'Generally Accepted Accounting Practice in PNG' (GAAP) is concluded, this will form major part of the information to be capture of the ASB website.

In addition to that, we expect to update the website as and when standards setting meetings are held as one of the ongoing events so keep the users and stakeholders abreast of issues concerning the standard setter in PNG and its activities.

11. *Networking & Partnership*

ASB acknowledges the need to establish and maintain a working relationship with other similar organization for numerous benefits. This professional and regulatory bodies in the country and the globe that deal with related issues including continued professional education and of course other reporting requirements which have some influence on the standard setting processes particularly in the premature levels before the pronouncements by the ASBPNG.

Apart from compliance work, fair time has been committed to conducting researches particularly triggered to verify any common responsibilities so to pave a way towards establishing the desired

connections with the following organization.

(i) **CPA PNG**

Certified Practicing Accountants of Papua New Guinea (CPAPNG) is established under the PNG Accountants Act 1996. Section 24(1) of PNG Accountants Act 1996 expresses the functions of this professional body.

Generally, it is responsible for accountants' professional education and continued development in the light of information concerning national and international developments in technical matters affecting accounting and auditing professions. It researches, formulates, sets frameworks of code of professional ethics, regulates and disciplines professional members within those settings. It also carries out other functions associated to building values, norms and practices in a continuous manner in order to display the profession's credibility to the public for its sanction.

CPAPNG's Standards Committee works close with the office of the ASBPNG and in normal course of business by forwarding to the board its recommendations regarding adoptions and or revocations of the accounting standards prior to the board meetings. Before the establishment or commencement of the ASBPNG this committee (CPA Standards Committee) was responsible for accounting standards setting in the country.

After the takeover of this responsibility the institute is represented by two members namely Daniel Biti and Stephen Beach on the ASBPNG.

(ii) **ACCOUNTANTS REGISTRATION BOARD**

Accountants Registration Board of Papua New Guinea (ARBPNG) was also established under the Accountants Act 1996. The 'Auditor General' is the ex-officio chairman of the tenth (10th) member board and all other members apart from the chairman are appointed for a period not more three (3) years.

Chaired by the Auditor General the main functions of the board as specified in the Accountants Act 1996 includes registering qualified persons, making determination as to the standards of qualifications and experiences for registration, regulating and controlling of the professional accountants in public practice subject to the 'Code of Ethics for Professional Accountants' and any other pronouncements.

The board also reports to the minister of Trade and Industry any matters relating to the regulation of the practice of accountancy. Only ARB registered accountants can be able to provide audit opinion on the financial reports, liquidate companies/entities placed under liquidation, act as receiver-manager and engage in private practice. The board is represented by Dr. Ken Ngangan on the ASB.

(iii) **INSTITUTE OF CHARTERED MANAGEMENT ACCOUNTANTS OF PAPUA NEW GUINEA INC (formerly PNG Certified Management Accountants)**

The above was established in December 1999 as another professional accounting body with the objective to provide avenues for continued development for management accounting professionals. Like the other professional bodies it conducts its own CPEs, seminars, exams and therefore disseminates ideas and information in the discipline of management accounting. Although the functions and obligations of the ICMAPNG are similar to the CPAPNG, basically it does not possess any statutory mandate as to its functions.

(iv) INSTITUTE OF THE INTERNAL AUDITORS PNG CHAPTER

This is yet another body set up with the aim to provide an umbrella for internal auditors. The functions of the institute are outlined in the association constitution but the mainframe is to ensure an orderly flow of information and ideas within the internal auditing profession whilst at the same time act a buffer from outside influential forces.

The institute trains, up-skills and generally ensures continued professional development so to obtain public sanction within the economic community. This body attracts CPA qualified members from both public and private sector employed internal auditors as well as those in the business advisory services. Again, the Institute of the Internal Auditors PNG Chapter's does not have the legislative backings on its functions and therefore except to the limit of its constitution unlike the CPA and Accountants Registration Board.

(v) IASB

London based global body is responsible for setting international accounting standards are now found enforced in countries with Commonwealth linkage and those with similar legislations that attempt to converge and harmonize the standards. This international body (IASB as opposed to IOSCO is not a regulator) sets, reviews, amends and or withdraws accounting standards but enforcement is left to the local standard setters and or regulators.

Japan, US, France and Germany have developed their accounting standards but due to big differences encountered in reporting as the result of different methods employed the big super powers are learning to converging and harmonizing of legislations and standards. As the result of rapid globalization countries and or jurisdictions are moving towards converging and harmonizing of same or similar standards and governing legislations.

(vi) ASIAN-OCEANIAN STANDARD SETTER GROUP (AOSSG)

ASBPNG is aware of the AOSSG's aim of encouraging the adoption of IFRSs within the region's jurisdictions. In fact ASBPNG comfortably identifies itself with the group and seeks to officially become a member in the near future. Formation of AOSSG which in effect becomes the umbrella of the jurisdictions within the Asia/Pacific region presumably creates a meaningful way forward towards regional and therefore global harmonization in the long run. Firstly, the advantage of pooling standard setters within the jurisdictions of the region together without substantive difficulties automatically vests within the AOSSG.

Second, AOSSG members would presumably maintain a sense of closer bonding and working relationship under its umbrella hence taking that ownership. Active participation by all standard setters in each jurisdiction can be expected as result of said catalyst bonding. The obvious expectations are that with a small degree of exerted pressure, majority of the standards within the covered jurisdictions would be finally converged and harmonized.

Therefore, whilst acknowledging these and the other associated advantages, ASBPNG seeks to officially become a member of the AOSSG which it is very keen to partake towards achieving this expected milestone.

The Office of the ASB is currently into concluding a comprehensive document prepared in the light of request for confirmation by AOSSG as part of the application requirement for membership.

Although this document was expected to be concluded in August 2012, this is not the case due to lack of manpower.

12. Staff Capacity

An Assistant ASB officer with a Diploma in Accountant from IBS has been recruited in 2013. Work is currently under way to rebuilding the ASB Secretariat and the reconstitute the ASN Board.

PART 7 Certification Unit

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

Aside from the Unit's core function, it was also involved in workshops to discuss the requirements of the Foreign Enterprise Registry for the Online system know as Catalyst.

Under Catalyst some changes have been made to the requirements to ensure that an application is complete. These changes are consistent with legislation and for purposes of practicality.

For most of the year personnel in the Unit consisted of three permanent Officers with seven casual staff recruited at various times during the second and third quarters of the year to provide assistance particularly due to the Online Lodgment Project.

Total of nine CMC meetings were convened in the year with ten Special Circulars. While the number of meetings is relatively low the quantities of matters for consideration per the agendas were large.

Special Circulars which just outnumbered actual meetings convened were required due to a high level of urgent matters that required approval to be expedited. In comparison to 2012, across the board there were decreases in the number of approvals for the applications.

The high number of cancellations (603) relates to those companies identified as having the status deregistered and hence the formal IPA Certificates required cancellation.

This task was part of the cleanup of the database in preparation for migration of data to Catalyst.

Table 1: Certification Applications and Related Variables from 2011 to 2013

Type of Application/Variable	2011	2012	2013
Number of Meetings	23	20	9
Special Circulars	8	5	10
Certification Applications	224	300	269
Re-Certification Applications	55	40	23
Variation Applications	102	131	99
Diversification	39	40	24
Expansion	69	59	40
Others	6	5	20
Cancellations	32	23	603
Re-Instatement Applications	8	1	1
Appeals	16	12	6
Exemption	2	1	-
Certificate Amendment	N/R	6	7

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.
- N/R – Not Recorded.

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

i. Front Counter

a) Number of Applications

Total of (353) new applications were received in 2013 which is only higher than the previous by ten applications.

Comparison of the other application types across the years from 2011 to 2013 indicates a decrease in the lodgments received particularly for Re-Certification applications.

Table 2 (below): Yearly Comparison of Front Counter Lodgments from 2011 to 2013

Type of Application	2011	2012	2013
Certification	398	343	353
Re-Certification	93	50	24
Variation	222	281	222
TOTAL	713	674	599

b) Prescribed Fees received from Applications and Late Penalties

Total of K1,161,800 was collected by the Unit from prescribed fees relating to applications and late penalty fees.

In 2013, only Certification application and late penalty fees remained slightly higher in 2013 while Re-Certification and Variation fees were lower compared to 2012.

Table 3 (above top right): Quarterly Comparison of Fees Received in 2012 and 2013

Type of Form Payment	2012	2013
Certification Application	686,000	706,000
Re-Certification Application	100,000	48,000
Variation Application	112,400	88,800
Penalty Fee	279,000	319,000
TOTAL	1,177,400	1,161,800

Key:

- Prescribed fee to lodge a Certification Application is – K2,000.00
- Prescribed fee to lodge a Re-Certification Application is – K2,000.00
- Prescribed fee to lodge a Variation Application – K400.00.
- Late Penalty Fees vary depending on the period of default as follows:
 - If submitted after one (1) month and not later than three (3) months after the expiration of time prescribed – K1, 000.00
 - If submitted later than four (4) months and not later than six (6) months after the expiration of time prescribed is – K2,000.00
 - If submitted later than seven (7) months and not later than twelve (12) months after the expiration of time prescribed (fee of– K3, 000.00)
 - If submitted after twelve (12) months after the expiration of time prescribed (fee of– K4, 000.00)

D. Securities Commission of Papua New Guinea (SCPNG)

PART 1 Introduction

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.

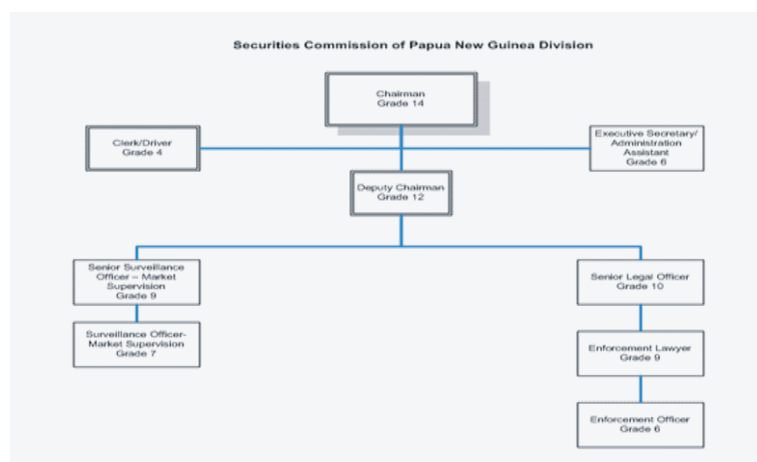
Location

The Securities Commission 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 only three fulltime staff, excluding the acting Chairman, who is also the Registrar of Companies, Acting Registrar of Co-operative Societies and Chairman Accounting Standard Board of Papua New Guinea.

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



Funding

In 2009, the National Government appropriated through the IPA budget a sum of K500, 000.00. Since then the Commission has been appropriated the above funding through the IPA budget. There is not independent budget of the Commission. The above funding is applied to remunerate the above staff, as well as operations of the Office.

PART 2 Operations

2.1 Market Supervision

There has been less market supervision role played by the Commission over the Port Moresby Stock Exchange, the stock brokers and other market intermediaries.

There was no new Initial Public Offerings (IPO) last year. There was

only two cross-listing by Niumnico Group Limited and Indochine Mining Limited. Both are listed on the Australian Stock Exchange.

2.2 Unit Trust

The Commission issued two Unit Trust Guidelines to the Unit Trustee Industry. The Commission issued directives to Melanesian Trustee Services Limited (MTSL) as the only licensed Trustee under the Securities Act 1997 to comply with the Guidelines. MTSL has fully complied with the guidelines with the Assistance of PriceWaterhouseCoopers (PWC).

2.3 Completion of Investigation for APNG Initial Public Offering

The Commission has completed its investigations into the Initial Public Offering (IPO) to the public by Airlines of PNG. The Commission will be taking steps to correct certain errors found in the IPO.

2.4 Partial Takeover Bid of New Britain Palm Oil Limited

In May 2013, Kulim (Malaysia) Berhad did a partial takeover bid of New Britain Palm Oil Limited under the Takeover's Code 1998. The Commission after perusing the takeover bid notice filed with the Commission, realized that Kulim (Malaysia) Berhad misled the Commission as well as the other shareholders in believing that the bid was a partial takeover.

The Commission however, found that Kulim was doing a full takeover of NBPOL. The Commission intervened and blocked the takeover as it was not in the "National Interest" of the country allow a foreign company to fully takeover NBPOL. Kulim challenged the Commission in the National Court.

The Court found that the Commission had the powers to block such a takeover to protect the interest of the country and its people.

2.5 Amendment of the Takeovers Code to include National Interest" provision

The Commission recommend to the Minister for Trade, Commerce & Industry, Hon. Richard Maru to amend the Takeovers code 1998 by inserting a new Section 27A to include the powers to the Commission to block any takeover, transaction or compromise is such was not in the national interest of this country. The Takeovers Code was amended and gazetted in the National Gazette and became effective October 2013.

2.6 New Securities Bills

The Commission drafted three new Bills to replace the current Securities Act 1997. The Bills are being reviewed by an international team of Experts headed by the Australian Securities & Investment Commission (ASIC).

Once the experts clears the bills, the Commission will take through the drafting process including public consultation before tabling in Parliament in 2014. The bills will reform the capital market in Papua New Guinea and open up the market to new players in the industry.

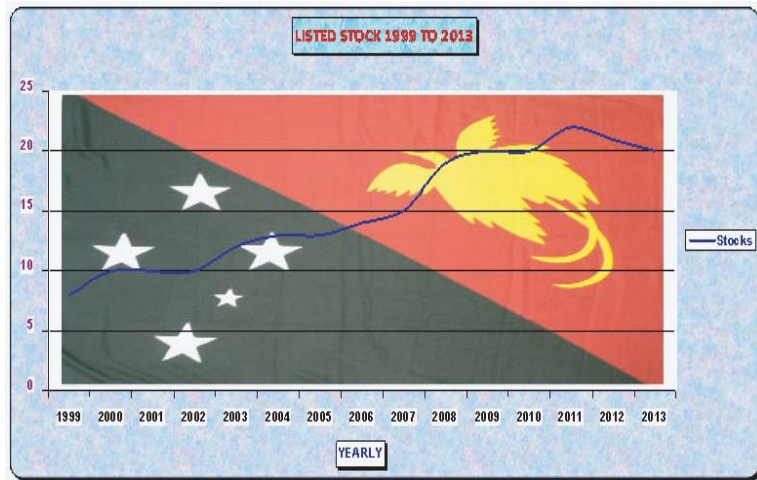
PART 3 Market Performances

3.1 Background

Over the past fifteen (15) years, the market has grown slowly in terms of market size compared to 1998. Whilst the performance of the market increased exponentially over the years as compared to other sister organization within the Pacific region excluding Australian and New Zealand. The number of companies has increased by 150% from just eight (8) in 1998 to as high as 22 stocks 2011. Currently there are 20 stocks listed on the exchange in which Bank South Pacific Limited (BSP) has listed two classes of stock respectively on the Port Moresby Stock Exchange (POMSoX). In which 6 are primary listed companies and 13 are dual or cross listed companies being listed on the local market.

Amidst the slow recovery of the global financial market, our capital market is slowing growing in which not much trading happening. We assume that many stocks are held by institutional investors who are holding stocks for better returns in the future. There has been a relative decline in trend over the years on the number of stocks listed. There was a slight drop from 2010 due to the acquisition of Mosaic Oil NY Limited (MOS). Early this year, Mahogany Capital Limited being delisted from the exchange due to prolonged receivership. At the moment, Metal Storm Convertible Notes (MSTG) is under suspension in which it has no trading at all since its inception on the market.

Figure 1.0: Shows the trend of the number of companies from 1999 to dated on the Port Moresby Stock Exchange (POMSoX).



3.2 Market Participants

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

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

Also we have one share registry in our capital market namely "PNG Registries Ltd" in which most of the off market trades (OTC) are conducted.

3.3 Market Report

3.3.1 Market Capitalization

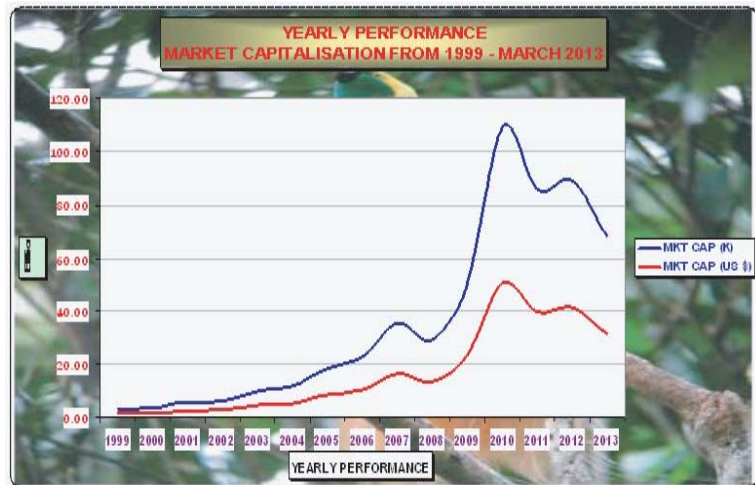
The size of our Capital Market has increased exponentially over time as the years passed by, as you can notice from diagram below. Currently the market capitalization (market size) is rally at K68.36

billion compared to K34 billion 1999. At the end of 2010, it was hovering high at K109.40 but has dived by 38% within two year to K68.36 billion. The down pressures still endure as we can see. This may be caused two (2) major buy back exercises that are currently being undertaken by Bank South Pacific Ltd and Credit Corporation Ltd which will due in 2013.

Early last year (2012) Kina Petroleum Limited offered two classes of securities to the market. The other major factors that caused the market capitalization to fall dramatically is the continuous fall in the share price of major stocks like Newcrest Mining Limited, New Britain Palm Oil Limited, Oil Search and others.

Hence, in the Unit Trust Funds, the Market Capitalization of the two Unit trust funds still stand at around K200 million as a result.

Figure 2.0 showing the latest Market Capitalization as at from 1999 – March 2013



3.3.2 Market Performance

(a) Delete line Trading

As indicated in Figure 3 below, whilst the market performance has increased compared to 1999. The downward pressure in the buying and selling of stocks commence in 2008.

This may be caused by the 2008 global financial crisis and the subsequent Greek Financial Crisis in 2009.

The downward pressure still continues as it was spurred in 2008 which has further dived in 2012 as notice on the graph on page 36.

One of the major factors in the above performance is the exposure of the securities listed on the local exchange (POMSoX) are dual or cross listed on others exchange out of our jurisdictions like the London Stock Exchange (LSX), Australian Stock Exchange (ASX), New York Stock Exchange (NYSE) and others.

Given the above exposure and position of holders of stocks, people are not willing to sell their stocks in fear of unforeseeable risks.

The Commission is optimistic that the performance of the market has already picked up and will keep on increasing as the global financial markets picks up.

Figure 3. (page 34) Total Trades of Stocks (buy and sell) from 1999 – Dec 2013 (No data available for this quarter)



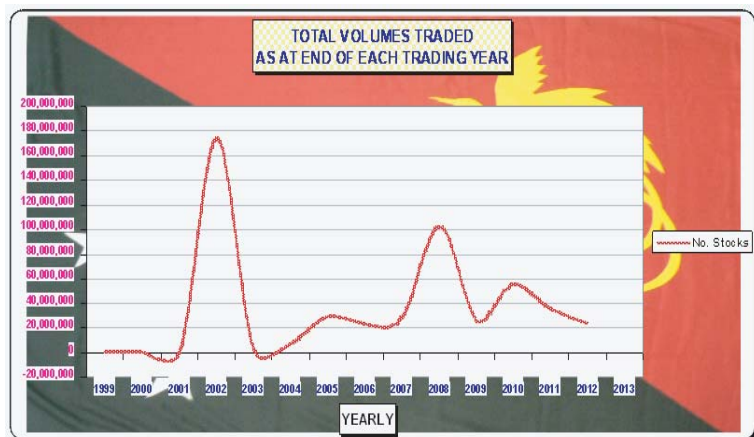
(b) Volume of the Trades

Figure 4 below shows the number of shares or volume of shares traded on the Port Moresby Stock Exchange over the last 15 years. As it can be seen above in Figure 3, there has been fluctuation in the trading on the Port Moresby Stock Exchange over the years and has remained the same to date.

The numbers of trading were high in 2008 but less number of stocks was traded as compared to 2002. The number of shares trades from 2005 to 2011 fluctuates around that range of 100 million shares to 200 million shares. From first six months of 2012, the number shares trades with the six months period has dropped by half compared to 2011.

Cumulatively, the 2012 volume is less compared to 2011 and it is in the fall trail. This may be attributed to the slowly recovery of the global market and strong upward surge of the Kina against other currencies.

Figure 4 below. Showing the Volume of trading from 1999 – Dec 2013

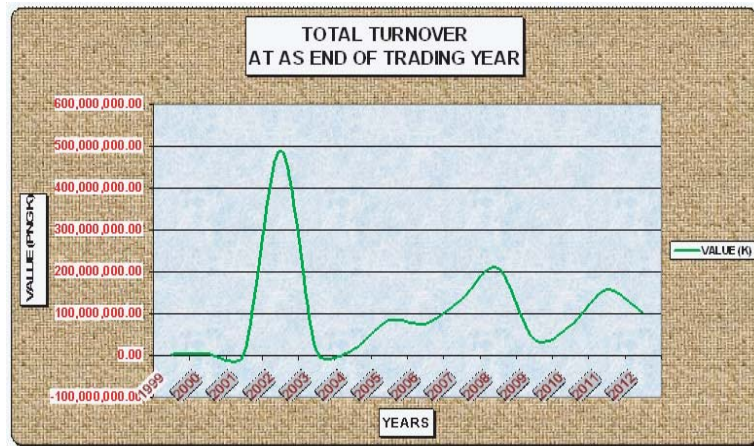


(c) Turnover

Figure 5 above (across page) shows the annual turnover of the trading at the Port Moresby Stock Exchange from 1999 – 2013. The turnover is in millions of Kina yearly.

The value of the trading over the years follow the same trend as the number of trades as you see from both graphs (4 & 5). The number of trades increase, the volume and the value of the trades will also increase.

Figure 5 top right: Shows the annual turn overran monetary terms from 1999 – June 2013



(d) Summary of the Market Performance

The table below provides the summary of all the above information on the performance of the Securities & Capital Market in Papua New Guinea.

SUMMARY						
YEAR	COYS	NO OF TRADES	VOLUME	TURNOVER	MARKET CAP (Billion K)	
					PNG K	USD \$
1999	8	170	1,127,280	1,236,276.00	3.40	1.57
2000	10	442	1,473,704	3,142,219.00	3.70	1.71
2001	10	361	733,078	1,879,900.00	6.00	2.78
2002	10	1,047	2	490,564,315.00	6.20	2.87
2003	12	1,059	3,054,304	7,776,910.00	9.70	4.49
2004	13	1,641	6,981,548	12,225,731.00	11.70	5.42
2005	13	2,812	30,291,163	82,465,653.00	18.50	8.57
2006	14	5,443	24,087,749	74,389,812.00	23.00	10.65
2007	15	5,612	28,390,136	134,103,701.00	35.50	16.44
2008	19	8,240	2	208,964,761.00	29.40	13.61
2009	20	5,854	26,581,267	36,882,272.00	50.10	23.20
2010	19	5,846	56,277,588	71,017,321.76	109.40	50.65
2011	20	4,970	36,657,447	156,910,493.47	85.71	39.68
2012	19	2,508	11,311,846	43,892,087.13	89.23	41.31
2013	19	NA	NA	NA	68.36	31.65
TOTAL		43,497	8	3	PNGK 1.00 =	0.463

In Summary, the final outlook of the market focus looks to be very robust. From records and trading pattern, most of the stocks are owned by major companies and wealthy Papua New Guineans. Only few individual and households own shares.

Many Papua New Guineas are not much aware of the stock market industry and its mechanism, to reach them is a huge task ahead for the market players.

E. Corporate Services Division (CSD)

Overview

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

Corporate Objective

Its primary objective is to actively support the Authority with the above basic provisions. As part of this support, CSD delivers an annual training agenda, budget and accounting service, all IT support and full administration assistance to the Authority.

Key Divisional Leadership

Director: Anna Marikawa
 Manager Information Technology: Shyama Matatier
 Acting Manager Finance: Nellie Ure
 Manager Human Resource & Administration: Vacant

Staffing

	Number of Staff	Status
Directors Office		
Director	1	Contract substantive
Secretarial Support	1	Permanent
Finance Unit		
Manager	0	Vacant
Senior Finance Officer	1	Contract substantive
Finance Officer	1	Permanent
Assistant Finance Officer	1	Permanent
SWS Officer	1	Permanent
Human Resource and Admin Unit		
Manager	0	Vacant
Senior HR Officer/Recruitment	0	Vacant
Senior HR Officer/Training	1	Permanent
Human Resource Officer	1	Permanent
Payroll Officer	1	Permanent
Administration Officer	1	Permanent
Administration Assistant	1	Permanent
Drivers	1	Permanent
Receptionist	1	Permanent
Information Technology		
Manager	1	Contract substantive
Senior IT Officer	2	Contract substantive
PC Support	0	Vacant
Regional Office Coordination		
Regional Office Coordinator	0	Vacant
Regional Officer/MOMASE	1	Contract Substantive
Assistant Regional Officer/MOMASE	1	Permanent
Regional Officer/Highlands	1	Contract Substantive
Assistant Regional Officer/Highlands	0	Vacant
Regional Officer/Islands	1	Contract Substantive

Assistant Regional Officer/Islands	1	Permanent
Regional Officer/Autonomous Region Bougainville	1	Contract Substantive
Assistant Regional Officer/ARB	0	Vacant
Public Relations Unit		
Senior Public Relations Officer	1	Contract Substantive
Assistant Public Relations Officer	1	Permanent
Graphic Designer	0	Vacant
Summary		
Given Ceiling	34	
Vacancies	10	
Casual/Unattached	3	
Total on strength	27	

Corporate Service in Review 2013

As a support division, Corporate Service undertook principle carriage of the following programs which benefitted both the staff and the Investment Promotion Authority as a whole.

1. Online Project

The project was delivered in December 2013. IT staff will be trained in 2014 on how to manage the new system.

2. Salary review

The Department of Personal Management approved the new salary structure and organizational structure in December 2012. The new salary structure was implemented in 2013.

3. Annual Training plan

The authority budgeted K100, 000 for training and continued education activities. The main thrust of the training plan continues to be skills enhancements, qualification upgrade ranging from certificate courses to master degree both on short and longer term basis.

Notable training achievements in 2013 are:

- Team Building Program for 15 staff, Institute of Business Studies
- Human Resource Management Training for 2 Directors, 1 manager, 2 HR Officers, Concept Training.

Considerable progress was made in 2013 in the following IPA sponsored training:

- Executive Masters in Public Administration, Divine Word University
- Bachelors Degree in Accounting UPNG

Ongoing activities were recorded for the following skills upgrading training

- Attaché Payroll
- CPA Training

4. Personnel and Payroll

The IPA continues to depend on reliable and motivated staff across seven business units ranging from Executive Services to the driving and ancillary support.

Staff and payroll statistics for 2013 are shown in the table below:

Approved Staff Ceiling		148
Staff on Strength		121
Permanent Staff		99
Unattached Staff		2
Casual staff		20
Total on Payroll		121
Vacancy		27
<i>Staff movements</i>		
Recruitment		44
Resignation		2
Retirement		1
Termination		1
Death in service		0

5. Audit

We are pleased to note that IPA's audit of financial records is up to date. Matters raised by the Auditor General for the year 2012 are being attended to.

6. Budget/ Financial performance

The Authority continues to rely heavily on its internal revenue. It is pleasing to note that in the revenue stream the three major earners have performed exceptionally well.

Human Resources and Administration Unit

The Human Resource and Administration Unit covers both the human resource and administration functions which includes staff recruitment, staff placement, administration of employment terms and conditions, payroll processing and staff training. It also deals with administration support such as provisioning of office space, office consumables, administration of the Authority's vehicles and insurance policies.

Information Technology Unit

This section supports and maintains the Information Communication Technology (ICT) infrastructure used by the Authority. These support services include backup of all IPA systems, overseeing data, voice network and internal security system, repair or upgrade of

hardware and software , maintenances of Company Registration System Database, Intellectual Property Automation System database and the Authority's two websites namely <http://www.ipa.gov.pg> and <http://www.ipopng.gov.pg> and helpdesk support.

1. Staff

Staff strength was maintained at 3 in 2013 with the resignation of Senior IT Officer (SITO) - Database in October 2012. PC Support Officer was promoted to the position of Senior ITO/Database in March 2013.

Staff List

Shyama Matatier -	Manager -IT
Bernadette Ikupu-	SITO-Network
Balin Namuri-	SITO-Data Base
Vacant-	ITO/PC Support

2. Special Projects

a) *Online Lodgment Project (OLP)*

The objective of this project is to enable IPA business clients to lodge statutory documents online without coming to IPA office in person and also to be able to track the status of the lodged documents online.

After the tender formalities, on the 27th of June 2012, the project contract worth K1.7 million was awarded to a New Zealand based company with vast experience in developing Business Registries in New Zealand, throughout the Pacific Islands region, Canada and USA.

The project commenced on 3rd September 2012. Due to delays beyond the IPA's control, the project was not completed in September 2013 as originally planned; instead it was completed and launched in November 2013.

b) *Disaster Recovery (DR) site maintenance*

The DR server was relocated to Datec data centre in 2012. All existing production servers are now virtualized to the repository DR server. No issues regarding its upkeep and maintenance were reported in 2013.

c) *Intellectual Property Office Automated System (IPAS) - Java Upgrade and Digitization of IPOPNG files*

Together with the IPASJAVA upgrade, a new scanning and linking software also developed by WIPO called WIPOSCAN was introduced. WIPOSCAN links scanned copies of lodged documents at IPOPNG to the IPASJAVA system.

IPAS operated its first full year in 2013 successfully without experiencing system shut down or other related major problems. SITO/Data Base attended to minor operational problems with the help of the WIPO expert.

6. 2013 Financial Statements

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 2013.

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 2013.

.....
LEON BUSKENS
Chairman

.....
IVAN POMALEU, OBE
Managing Director

Date.....

Date.....

INCOME	
Grant Income	2(a)
Others	2(b)
Total Operating Revenues	
OPERATING EXPENSES	
Personal Emoluments	
Travel and subsistence	
Utilities	
Office materials and supplies	
Vehicle expenses	
Administration consultancy	
Property rental	
Routine maintenance	
Other Operational expenses	
Board Expenses	
Subscriptions and affiliations	
Special projects	
SCPNG Establishment	
Grants/transfers - Public Authority	
Total Expenditure	
Net Profit/(Loss) before abnormal items	
Less: Abnormal Items	7
Net Profit/(Loss) After Abnormal Items	
Retained Earnings at the beginning of year	
Adjustments recognized in the Statements	10
Retained Earnings as at the end of the year	

**INVESTMENT PROMOTION
AUTHORITY
BALANCE SHEET AS AT 31ST DECEMBER 2013**

	Notes	2013 K	2012 K
ASSETS			
Current Assets			
Petty Cash		3,050	3,050
Cash at Bank	6	1,770,350	4,357,667
Prepayments and Other Debtors		143,414	73,733
Stock		74,924	78,245
Security Deposit		25,000	25,000
Investments in Fixed Term Deposits	9	1,832,658	1,832,658
Total current assets		3,849,396	6,370,352
Non-current Assets			
Motor Vehicle	3	460,413	558,149
Personal Computers	3	401,688	374,471
Furniture & Fittings	3	1,518,062	1,607,217
Office Equipment	3	876,539	869,961
Prepayments & Other Debtors		165,309	165,309
Work-in Progress		3,512,069	448,445
Total non-current assets		6,934,080	4,023,552
Total assets		10,783,476	10,393,904
Current Liabilities			
Creditors and accruals		1,824,260	1,835,872
Provisions	4	505,348	316,416
Total current liabilities		2,329,608	2,152,288
Non-current liabilities			
Provisions	5	1,050,959	926,442
Total non-current liabilities		1,050,959	926,442
Total liabilities		3,380,567	3,078,730
Net assets		7,402,909	7,315,175
EQUITY			
Government Grants and Reserves		3,890,330	3,890,330
Retained Earnings	11	3,573,084	3,424,846
Total Equity		7,463,414	7,315,176

**INVESTMENT PROMOTION AUTHORITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2013**

	Notes	2013 K	2012 K
Cash flows from operating activities			
Cash receipts from customers		14,886,441	15,790,924
Cash paid to suppliers and employees		(14,154,616)	(11,562,374)
Cash generated from operations		731,825	4,228,550
Interest Received from investments in FTD		0	0
Net cash (used in)/from operating activities		731,825	4,228,550
Cash flows from investing activities			
Proceeds from sale of assets		0	0
Purchase of property, plant & equipment	3	(3,319,141)	(1,488,575)
Payment of rental bond		0	(2,888)
Net cash (used in)/ from investing activities		(3,319,141)	(1,491,463)
Cash flows from financing activities			
Proceeds		0	67,061
Purchase long term bond - BSP Capital		0	0
Net cash (used in)/from financing activities		0	67,061
Net increase/(decrease) in cash and cash equivalents		(2,587,315)	2,804,149
Cash and cash equivalents at beginning of period		6,218,374	3,414,225
Cash and cash equivalents at end of period		3,631,058	6,218,374

**INVESTMENT PROMOTION AUTHORITY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2013**

	Notes	Govt Grants & Reserves	Retained earnings	Total
		K	K	K
Balance at 1 January 2012		3,890,330	138,584	4,028,914
Adjustment recognised in the statement			377,344	377,344
Net profit/(loss) for the period			2,908,918	2,908,918
Balance at 31 December 2012		3,890,330	3,424,846	7,315,176
Adjustments recognised in the statements	10		0	0
Net profit/(loss) for the period			148,239	148,239
Balance at 31 December 2013		3,890,330	3,573,085	7,463,415

Notes to and Forming part of the Accounts

INVESTMENT PROMOTION AUTHORITY

For the Year ended 31 December 2013

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.

(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.

(I) 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>2013</u>	<u>2012</u>
Total income consists of:-		
Government Grant	2,851,500	4,978,000
Other income	8,100,135	8,120,503
Total income	10,951,635	13,098,503

2(a) Government grant consists of:-

Ordinary grant	2,851,500	2,778,000
PIP and others	0	2,200,000
Total grant	2,851,500	4,978,000

2(b) Other income consists of:-

Certification fees	1,236,459	1,234,975
Company fees	5,786,867	5,651,157
Sale of promotional materials	12,000	2,100
Interest on Long Term Bonds	0	0
Interest on FTDs	0	21,321
Intellectual Property Fees	945,966	862,873
Gain on sale of motor vehicle	0	0
Miscellaneous	118,844	348,076
Total	8,100,135	8,120,502

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, 851,500.00 was received from the Government.

Notes to and Forming part of the Accounts

**INVESTMENT PROMOTION AUTHORITY
For the Year ended 31 December 2013**

3. Property plant and equipment

	Motor Vehicle K	Computers K	Fixtures & fittings K	Office equipment K
at cost/revaluation:				
At 31 December 2012				
Gross carrying values - 1 January 2012	294,034	657,633	1,993,772	988,996
Add: Acquisitions during the year	528,192	154,122	39,566	192,458
Less: Disposals during the year	(135,076)	(117,640)	(356)	(62,459)
Add/(Less) Adjustments during the year	0	0	0	0
Gross carrying values - 31 December 2012	687,150	694,115	2,032,982	1,118,995
Less: Accumulated Depreciation	(129,001)	(319,644)	(425,765)	(249,034)
Net carrying values as at 31 December 2012	558,149	374,471	1,607,217	869,961
At 31 December 2013				
Gross carrying values - 1 January 2013	687,150	694,115	2,032,982	1,118,995
Add: Acquisitions during the year	0	90,258	59,675	59,399
Less: Disposals during the year	0	0	0	0
Add/(Less) Adjustments during the year	0	0	0	0
Gross carrying values - 31 December 2013	687,150	784,373	2,092,657	1,178,394
Less: Accumulated Depreciation	(226,737)	(382,686)	(574,595)	(301,855)
Net carrying values as at 31 December 2013	460,413	401,688	1,518,062	876,539

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

Cost/valuations - 1 January 2013	687,150	694,115	2,032,982	1,118,995
Accumm Depn - 1 January 2013	(129,001)	(319,644)	(425,765)	(249,034)
Net carrying values - 1 January 2013	558,149	374,471	1,607,217	869,961
Additions during the year	0	90,258	59,675	59,399
Disposals during the year	0	0	0	0
Adjustments during the year		0	0	0
Depreciation charge	(97,736)	(63,042)	(148,830)	(52,821)
Net carrying values as at 31 December 2013	460,413	401,688	1,518,062	876,539
	0			

During the year the Authority made a total purchase of K209,332.00.

The Authority carried a total net assets value of K3, 256,702.00 as at 31 December 2013.

(31 December 2012 is K3, 409,798).

	2013
	K
4. Provisions (Current)	
Employee Entitlements (Note 5)	419,067
Audit Fees (a)	38,496
Insurance Fee	9,301
Total	466,864
(a) Audit Fees	
Opening balance	38,484
Provision created	38,496
Less: Payments made against the provision	0
Closing balance	76,980

Notes to and Forming part of the Accounts

INVESTMENT PROMOTION AUTHORITY

For the Year ended 31 December 2013

	2013
	K
5. Provisions (Non-current)	
Employee entitlements	1,050,959
Employee entitlements (Current and Non-current)	
Opening Balance	1,195,072
Increase/(decrease) in provisions	274,953
Less payment made	0
	1,470,025
Current (Note 4)	419,067
Non-current	1,050,959
Closing balance	1,470,025

As at 31 December 2013, the Authority has a balance of K1, 470,025.00 for provisions relating to staff leave benefits. As at 31 December 2013, the Authority has a balance of K47, 797.00 for provisions relating to annual audit fees and insurance fees. 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 2013 audit fees are charged to profit and loss account at K3, 208.33 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><u>3,631,058</u></u>
Petty Cash Balances	3,050
Bank balances	1,770,350
Security Deposit	25,000
Short term deposits (refer note no. 9)	<u>1,832,658</u>
	<u><u>3,631,058</u></u>

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

	<u><u>1,770,350</u></u>
Westpac Bank Operating Account	378,883
Registrar of Companies Trust Account - Westpac Bank	638,387
ANZ EFFTPOS	388,876
BSP - Buka Account	63,425
BPNG Account	<u>300,779</u>
	<u><u>1,770,350</u></u>

The Authority invest K244, 555.00 in short term deposits for the year ending 31 December 2013. The investment amount of K1,589,930.00 relates to the government funding assistance for the online project, which has commenced and is in progress. The Board and the Management decided to keep it in the short term investments, this will be drawn down and used once needed for the online lodgment purpose.

Notes to and Forming part of the Accounts

**INVESTMENT PROMOTION AUTHORITY
For the Year ended 31 December 2013**

	<u><u>2013</u></u>
	<u><u>K</u></u>
7. Abnormal Items	
Loss on disposal of fixed assets	0
Bad Debt	<u>0</u>
	<u><u>0</u></u>
8. Disposal of Fixed Assets	
Gain on Disposal of Fixed Assets	<u>0</u>
	<u><u>0</u></u>
9. Fixed Term Deposits	
	<u><u>1,832,658</u></u>
Kina Finance Ltd	0
Bank South Pacific (PNG) Ltd	0
Westpac PNG Ltd	<u>1,832,658</u>
	<u><u>1,832,658</u></u>

The Management has invested a total of K1, 832, 658.00 in short term deposits with the Westpac Bank (PNG) Ltd. This amount includes interest capitalised.

10. Adjustments recognised in the statements

Prior Year Adjustments	<u><u>0</u></u>
------------------------	-----------------

Write back unpresented cheques to the main bank account	0
Other year-end adjustments	0
Loss on Disposal of Assets	0
Bad Debt	0
	0
	0

An adjustment was made for payroll tax owed to IRC. This was written off due to IRC had confirmed that IPA account is up to date without arrears in payment.

Notes to and Forming part of the Accounts

**INVESTMENT PROMOTION AUTHORITY
For the Year ended 31 December 2013**

2013
K

11. Retained Earnings

3,573,085

Balance at the beginning of the year

Add/(Less) adjustments recognised in the statements (refer note no.10)

Add/(Less): Profit/(Loss) for the year

3,424,846

0

148,239

3,573,085

12. Contingencies and Other Commitments

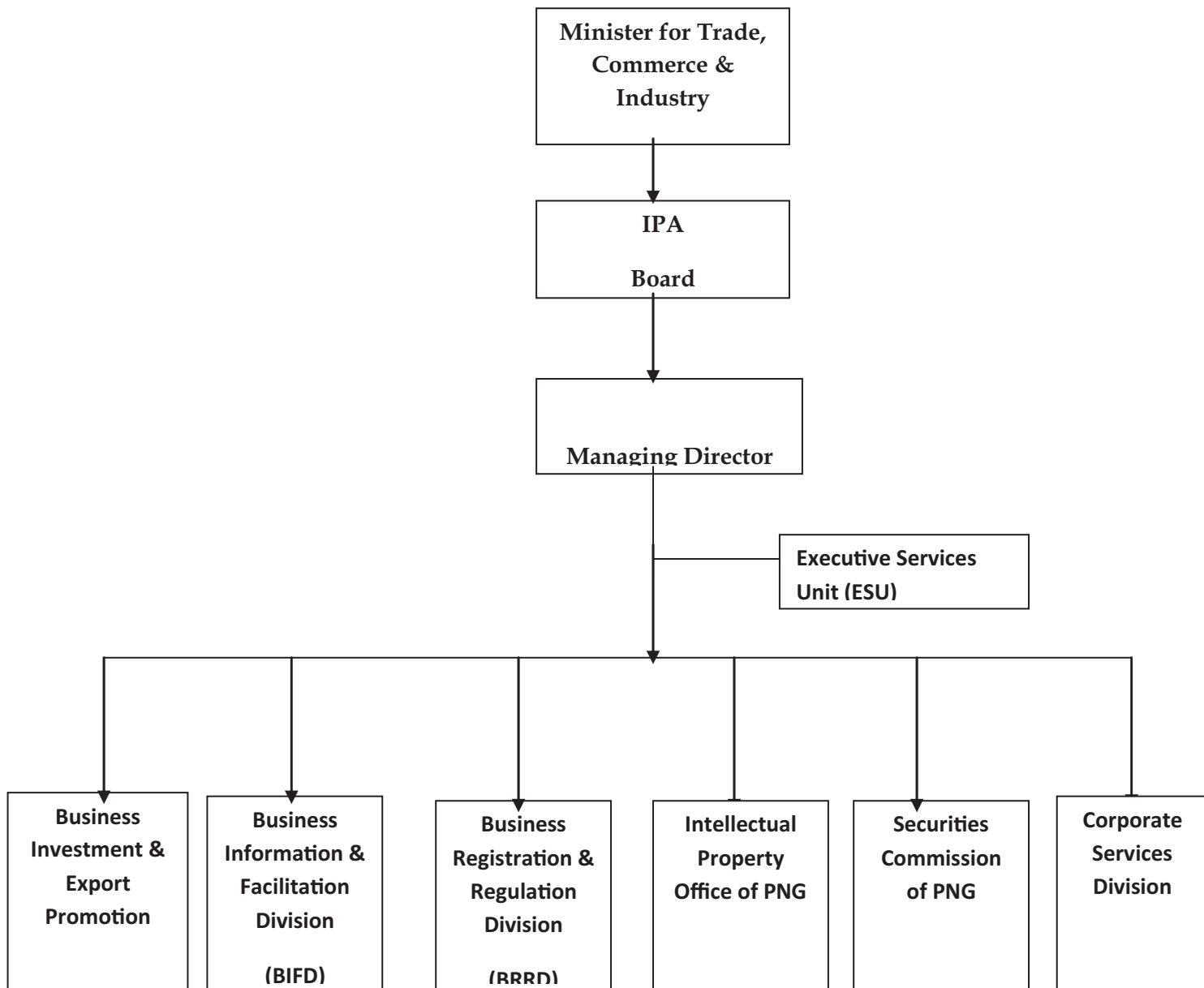
(i) Contingent Assets and Liabilities

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.

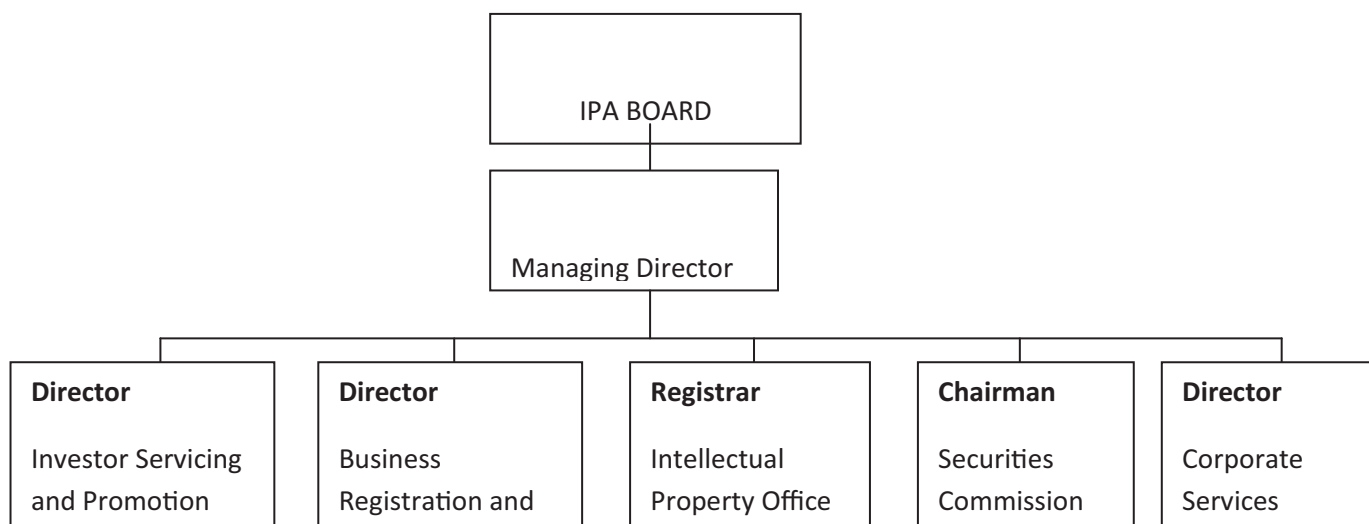
(ii) Other commitments

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.

2013 IPA ORGANISATIONAL STRUCTURE



The Management structure of IPA is as follows:



2013 IPA BOARD MEMBERS AND ALTERNATE MEMBERS

Member's Name	Representation	Designation	Alternate Member	Period of tenure 2013
Mr. Leon Buskens	Ministerial Appointee	Chairman		Annual
Mr. Phil Franklin, MBE	PNG Chamber of Commerce & Industry	Deputy Chairman	Mr. Alan McLay	Annual
Mr. David Conn	POM Chamber of Commerce & Industry	Member	Mr. Ken Dunn	Annual
Vacant	PNG Chamber of Mines & Petroleum	Member		Annual
Mr. Dairi Vele	Dept. of Treasury	Member (Ex-officio)	Mr. Igumu Momo	Annual
Mr. John Andrias	Dept. of Commerce	Member (Ex-officio)	Mr. Jessey Bani	Annual
Mrs. Veitu Diro	Liklik Bisnismanmeri Rep.	Member		Annual
Mr. Ivan Pomaleu	Managing Director Investment Promotion Authority	Member (Ex-officio)		Annual

IPA BOARD MEETINGS HELD IN 2013

Member's Name	Number of Meetings Attended (Quarterly)	No. of Special Board Meetings Attended
Philip Franklin	3	Budget – 1 Organisational Res - 1
David Conn Ken Dunn (Alternate)	3 1	Organisational Res - 1
Greg Anderson Mel Togolo (Alternate)	0 1	Organisational Res - 1
Veitu Diro	3	Organisational Res - 1
John Andrias delete (Alternate)	2 2	Organisational Res - 1
Simon Tosali Igumu Momo (Alternate)	0 4	Organisational Res - 1
Ivan Pomaleu - MD	4	

2013 EXECUTIVE MANAGEMENT TEAM

Full Name	Representation	Period of tenure in 2012
Mr. Ivan Pomaleu	Managing Director & CEO	Annual
Mr. Clarence Hoot	Director Investor Servicing & Promotion Division	Annual
Mr. Alex Tongayu	Director/Registrar of Companies Business Registrations & Certification Division	Annual
Mr. Alex Tongayu	Acting Chairman Securities Commission of PNG (SCPNG)	Annual
Ms. Amelia Na'aru	Registrar Intellectual Property Office of PNG (IPOPNG)	Annual
Ms. Anna Marikawa	Director Corporate Services Division	Annual
Mr. Kini Mala	Executive Officer to Managing Director Executive Services Unit	Annual

2013 COMPANY REGISTRATION STATISTICS

2013 FOREIGN COMPANY CERTIFICATION STATISTICS



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2013 Annual Report & Financial Statement