

A. INTRODUCTION

By definition, Department of Commerce & Industry is mandated to formulate policies that will create conducive environment in PNG for:

1. Trade (international trade)
2. Commerce (buying and selling of goods and abroad and domestically); and
3. Industry (industrial development).

This mandate therefore is operationalized by Commerce, Industry and International Business Divisions, and supported by Policy Planning & Development and Corporate Services Divisions.

B. INDUSTRY DIVISION'S POLICY MANDATE

To formulate policies and coordinate the implementation and review of the Manufacturing Policy. Legislations that were birthed from this policy mandate include:

- ICDC Act
- NISIT Act
- NEZA Act

C. INDUSTRY DIVISION FUNCTIONS

Industry Division is one of the Operational Divisions created by virtue of 2 above, and its roles and responsibilities are explicit to facilitating investments into the manufacturing and tertiary sectors. The core function of Industry Division is downstream processing and value addition of PNG's natural resources.

To encourage industrial development in PNG, the Department through Industry Division administers government support during plant constructions in the form of exemptions in taxes and charges, and other concessions. Thereafter during commercial operations Industry Division liaises with industries and also provides policy support on industrial issues.

The Industry Division is the contact point for local and foreign investors who wish to invest in the manufacturing and tertiary sectors in PNG. It conducts due diligence on investors, appraise investment proposals, and monitor the construction and operation of manufacturing and tertiary projects.

C. INDUSTRY DIVISION'S BRANCHES

The Industry Division therefore comprised two (2) branches, with twenty-six (26) officers, to operationalize the Department's mandate on creating conducive environment for industrial development. Industry Development Branch is charged with the role of facilitating investment into the manufacturing and tertiary sectors, whilst Industry Assistance Branch is responsible for policy support to existing firms in the manufacturing and tertiary industries.

The roles and responsibilities of the Industry Division are derived from the project phases of an industrial project, where a processed good will be produced eventually. They initial at the conceptual stage and conclude at the operational phase.

The project phases in the Industry Division function are:

- a. Conceptual Project
- b. Construction Phase

c. Operation/Commercial Production Phase

In the a) above, the Division (through the Industry development Branch) analyses investment proposals, and negotiate & conclude Project Agreements if the investments are viable. Industrial plants are constructed once Project Agreements are executed as per b) above, and the Division undertakes monitoring & compliance to ensure the terms and conditions of the Project Agreement are honoured.

When projects enter their operational phases, the Division (through Industry Assistance branch) conducts monitoring & evaluation on the project to collect information and data to determine the impact the investments are having on the macro-economic indicators.

The Division (through Industry Assistance branch) is also responsible for all matters concerning industry development and growth, such as tariff and non-tariff protection, tax holidays, subsidies, market studies and promotion, necessary project technical support facilitation, export development, FDI facilitation, etc., and other related policy interventions support.

Conceptual Project Phase therefore falls under the immediate purview of Industry Development Branch whilst the Project Construction and operational Phases come under the charge of Industry Assistance Branch. Thus following are done at each branch:

(i) Industry Development Branch

Investment Analysis Section (Major Projects)

- a. Research resource sectors and profile potential industries
- b. Stage preliminary discussions with potential investors
- c. Perform due diligence check on potential investors
- d. Take site inspections identify preferred site for investment
- e. Perform financial and economic analysis to determine financial and economic viability of the prospective investment
- f. Liaise with line agencies to secure investment approvals
- g. Negotiate and conclude industrial Project Agreements
- h. Execute the industrial Project Agreements

Successful Industrial Projects:

- i. RD Tuna
- ii. Bewani Oil Palm
- iii. Frabelle
- iiii. Illiwawas
- iv. Kairak
- v. South Seas Tuna
- vi. Paga Hill SEZ

*These project agreements' compliance and review is primarily undertaken by the Industry Assistance Branch.

Public Investment Program Section

- a. Coordinate the implementation of the PIP projects
- b. Ensure that the project is implemented as per the decisions and recommendations of the Project Steering Committee
- c. Coordinate with inter-Department and Private Sector to implement the project
- d. Vet and facilitate payments;
- e. Keep Project Expenditure Ledger

- f. Perform monthly Bank Reconciliation;
- g. Provide quarterly reports to Treasury, Finance & Planning
- h. Monitor & evaluate project implementation; and
- i. Support Provincial Commerce Division to implement the work plans.

Impact Projects

- i. Pacific Marine Industrial Zones (PMIZ)
- ii. Sepik Plains Special Economic Zones (SEZ)
- iii. Simbu Limestone
- iv. Regional Centre for Technology and Innovation (RCTI) - Appropriate Technology.

(ii) Industry Assistance Branch

Industry Compliance Section (On-going Projects)

- a. Plant construction and monitoring
- b. Ensure compliance to construction milestones
- a. Inspect and certify construction milestones
- b. Assess the application for Manufacturing license
- c. Inspect production facilities and assembly lines
- d. Issuing of Manufacturing Certificates

Industry Monitoring & Support Section (Support & Liaison)

- a. Conduct production monitoring
- b. Conduct production monitoring, and compliance review on manufacturing plants and facilities
- c. Production monitoring and evaluation on project impacts
- d. Review Project Agreements
- e. Industry liaison with private sector
- f. Provide government policy support to industries

D. HUMAN RESOURCE REQUIREMENT

The 2018 Department approved structure relatively reflects the human resource need for facilitative foreign investments and implement government projects in the Industry Division.

However, it lacks a system in which investments will be appraised, project implemented and production monitored as per their intents.

As specific skills and technical knowledge will be required to be embedded into the above system, the 2018 Department Structure is customized to provide the synergy needed to implement the system.

Thus the customised structure will feature four (4) sections in the Division, and will establish the flow between the two branches whereby: investments are analysed; then PIP or Project Agreement is formulated; after that monitoring & compliance during construction phase; and finally monitoring & evaluation during the production phase. Refer below the structure.