

# Papua New Guinea

## An Economic Transformation

Papua New Guinea is undergoing economic and social transformation", according to the World Bank, which notes the country's "remarkable diversity of geographic and natural resources". The Bank asserts that PNG's growth trajectory and its abundant resource potential provides a strong platform for greater economic engagement with Asia and beyond. Indeed, the country is increasingly identified as one of the world's most promising frontier markets, based not only on its natural wealth, but its strategic location and the skills of its 8m people. The government is committed to furthering the country's economic and social development, with the private sector and international investors playing a central role.

"We must build business and investor confidence back into our economy," Prime Minister James Marape told Parliament following his re-election in 2022. "The largest part of that effort is to sustain a stable government, with very focused policies. We are in this process now, but its greatest manifestation is when there is transparent processes in business entry, work permits and visa reforms and a stable policy and operating environment. It also includes ongoing business processes improvements, important infrastructure, and energy sustainability, security improvement in the environment, and



James Marape  
Prime Minister of Papua New Guinea

stability of policy and a willingness to engage the private sector on important matters."

That private sector is a key driver of economic growth, that the World Bank expects to hit 3.7% this year, following 4% expansion in 2022. The non-extractive sector has been to the fore, with agriculture in particular performing strongly. Marape's government aims to expand agricultural production, and in particular develop downstream production that

can increase the value added domestically, and create more higher-income jobs for Papuans. Developing rural infrastructure and digital agriculture platforms are priorities, as is opening new markets for agricultural produce.

Supporting SMEs is another key plank of the government's strategy, with more than \$55m committed every year to supporting SME lending, and a commitment to bringing 50% of SMEs and microenterprises into the formal economy annually to broaden the tax base and enhance businesses' access to capital. Agriculture and SMEs account for the bulk of household incomes in PNG, thus focusing on policies that will support their growth has a broader economic and social impact.

Across the board, from major LNG projects through the budding tourism industry to farming and fisheries, there is a real sense that a window of opportunity is opening for PNG to meet its huge potential.

"Our country is endowed with natural resources, such as forestry, fisheries, oil, gas, mining, and energy," said Marape. "Our government must monetise these resources sustainably, so that it contributes to our development aspirations. We must focus responsibly on the resource laws regime and reform the laws so that we unleash opportunities for our stakeholders."

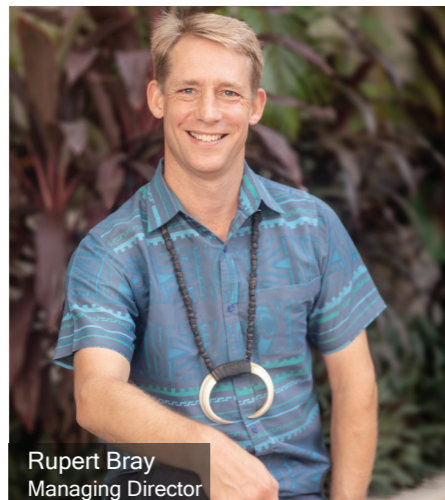
# Steamships - A local partner with international expertise and a proven track record of building business that help build PNG

PNG has been fortunate to benefit from a period of strong commodity prices and this has led to a surge increase in mineral led exports. Despite the inevitable focus on the upcoming PNG LNG projects, the underlying economy continues to grow. As the World Bank has noted, the country's 4% economic growth in 2022 was driven largely by the strong performance of the non-extractive sector, which accounts for more than 80% of GDP.

One such sector to witness significant growth is the real estate sector, with PWC reporting strong demand for A-Grade commercial property. The IFC has been among those noting the "huge potential" for cultural tourism in the longer term.

Steamships, the country's oldest company, with a youthful energy, is perfectly poised to capitalise on these trends, given its focus on three sectors: logistics, property, and hospitality. Founded in 1918, Steamships is listed on the Australian Securities Exchange and was the first company to list on the PNGX in Port Moresby. Being dual listed provides both domestic and international investors with an opportunity to gain broad exposure to the Papua New Guinea market.

"PNG is our home. We have a deep understanding of the country and have the luxury to tap into international expertise and best practices through our associated companies overseas," says Rupert Bray, Steamships' Managing Director. "We have governance standards that give partners confidence, and a track record of mobilising financial and human



Rupert Bray  
Managing Director

capital to deliver projects. International investors know they have a trusted partner in Steamships, and local partners know they have a respected PNG brand backing them. We pride ourselves on our high quality of service, on our reliability, and ability to innovate and move with the times."

Rooted in PNG, Steamships reflects the country's vibrant, diverse, and continuously evolving society.

It embraces a "forward learning" approach, always looking for innovation and new opportunities, and embracing change. The Company always stays fresh and dynamic, and has promoted a young, strong, leadership team, with a growing number of Papua New Guinean executives and senior managers. Steamships' Graduate Development Programme is of great importance to the Company, and aims to attract, develop, and retain forward-looking, values-led future leaders for the business. The scheme puts a strong emphasis on mentoring and support, and allowing graduates to shape their own career paths. It allows Steamships to continue to build its diverse and highly-skilled workforce, while of course contributing to the wider development of PNG.

The Company's strengths have long made Steamships a go-to for investors in PNG, with partners including The Radisson Hotel Group and Colgate-Palmolive. The Company is currently working on the landmark Marriott Executive Apartments in Port Moresby, the first Marriott property in the country.

"We are a partner of choice in the country, whether in joint ventures, commercial co-operation or franchising opportunities," says Bray. "During this period of strong economic growth, we are interested in working with companies that are looking to enter PNG, whether in the resource sector, the agricultural supply chain sector, tourism, or logistics.



# Hebou Construction

## Building Momentum

Forecast to see its GDP expand by 4.9%, Papua New Guinea (PNG) is set to have one of the Pacific region's fastest-growing economies this year, according to the Asian Development Bank (ADB). The institution invests heavily in the country, including in transport and energy, supporting its infrastructure and key reforms to boost the business environment. The international private sector is also increasingly active in PNG, particularly in sectors including energy, telecoms, and retail.

Investments by the government, international financial institutions, and private players from around the world, are fuelling the growth of the construction sector. The government is rolling out the \$5.7bn Connect PNG plan, which aims to construct 20,000 km of road to achieve "100% road connectivity", including completing the Port Moresby-Lae highway in the first phase.

One of the country's leading contractors, Hebou Construction is well positioned to participate on delivering these projects. Hebou Construction is one of ten companies in the Constantinou Group of Companies, which has businesses in sectors ranging from hotels and hospitality through property to construction across the Pacific. Hebou was established in the 1950s by the late Sir George Constantinou, grandfather of the current managing director of Hebou Construction (PNG) and executive director of the Constantinou Group, also named George. The group specialises in delivering major civil construction projects, including airports, sea ports, and roads, that have

our speciality. With all the projects and mining and extractive industry investments coming up, it can't just be handled by local players; partnering up with credible international companies is the way to go. It rounds out the delivery of a project for the long term. Over the past 20 years, we've had long-lasting relationships with international companies, and if we can learn from international players, it's a win-win for all. We want new projects, and we're ready to compete for them."

Hebou Constructing has made its name through delivering large-scale projects to international standards. Many a newcomer to PNG has sought the company out for its world-class technical capability, combined with professionalism and knowledge of the local market. The company's portfolio of projects is testament to its strengths: it has worked on Port Moresby International Airport, the Lae Nadzab Airport reconstruction project, Motukea International Terminal reconstruction project, various developments for ExxonMobil, mixed



supported Papua New Guinea's economic and social development for decades. A Tier 1 civil engineering contractor, the company is perfectly placed to be a local partner for international investors looking to participate in PNG's growth.

"We're open to work with international partners; we see where we sit in the grand scheme of things in Papua New Guinea, with a lot of major projects coming up on a grand scale," says George Constantinou. "We have the machinery, the people, the skills, and the in-country knowledge. That's

use real estate developments, and the capital's sewerage system. Hebou Construction has also worked on the Constantinou Groups' hotels such as Lamana Hotel and Airways Hotel and Residences in Port Moresby. Hebou was assisted by other group construction companies Lamana Development (Building Construction), Monier Limited (Construction Materials Supply) to deliver the hotels as well as other projects over the years.

As well as major civil projects, Hebou takes on smaller-scale commercial contracts such as



George Constantinou  
Managing Director

car parks, subdivisions, and bulk earthworks. The company's experience of working in remote locations is a particular advantage as investors look for infrastructure outside major centres, and as the Connect PNG programme rolls out to rural areas.

Furthermore, Hebou stands out from the competition through its values as a third-generation family-owned company and its belief and investment in its people, who are trained to the highest standards. Quality and consistency is in Hebou's DNA, drawing on more than 50 years' experience and its human and financial capital to deliver solutions for clients.

"Number one, we're a family business," says Constantinou. "We've been in the country for generations. We understand Papua New Guinea and how to get things done. The most important aspect is our people, how we treat them, and how we train them. They are good people, and that makes a big difference. We feel that's our advantage. What I learned from my father and grandfather is that you're nothing without people."

On these sound foundations, Hebou looks set to continue to flourish alongside its international and local partners. Constantinou is confident that Papua New Guinea is standing on the brink of an exciting new era of growth.

"It's incredibly important for us to promote Papua New Guinea as a positive business destination," says Constantinou. "It is critical to achieve continual growth in the economy, and to attain this, PNG needs direct foreign investment, to bring capital, specialist skills and robust processes. In order for the economy to reach its full potential foreign investors need to be partnering up with the stable businesses. More than ever, it's important for the government and the private sector to work together to attract foreign investors. Everyone benefits, not just big business - the whole economy. Over the next ten years the economy will experience substantial growth, and international investors should have full confidence in doing business here. Trade agreements and business relationships are developing and bringing Papua New Guinea to the international market. It is an exciting time to invest in PNG."





# Hornibrook - Value Creation for the Community

Forecasting “sustained growth”, rising employment, and prudent management of government finances, global professional services company has Deloitte issued an upbeat assessment of Papua New Guinea’s economy in 2023. Deloitte noted that the year’s budget is the largest in PNG’s history, securing important investments in areas including education, regional development, and transportation, but balanced by an expected 21% increase in state revenues. Meanwhile, inflation is easing, foreign exchange reserves continue to increase, and the budget is expected to be back in surplus by 2027, underpinning macroeconomic stability. Deloitte said that the country is “uniquely placed to enhance its position” in areas including transitional energy and climate change.

With this economic backdrop, the construction industry is thriving. The government expects the sector to be worth \$2.4bn by 2024, the US International Trade Administration has noted, with driving factors including shortage of commercial and residential real estate, urbanisation, the growth of the middle class, and investments in infrastructure including the PNG LNG project. The organisation sees particular potential in segments including high-rise apartments, low-cost housing, and the development of special economic zones.

Few companies know the PNG construction industry as well as Hornibrook. Established in 1990 to combine the steelmaking businesses of Hornibrook Constructions and NGI Steel, the Lae-based company has played a leading role in PNG’s industrial and economic development. Hornibrook Constructions has even deeper roots in the country, having been founded in 1943.

“We’re a family business that has made PNG our home,” says Matthew Lewis, Hornibrook’s managing director, and son of its chairman, Malcolm. “We’re a value creation company, we don’t only want to make profit; we see ourselves as having a responsibility to the community and to the people of PNG. To be successful you have to be part of the community. Staff who have been with us three years get free health insurance for their families, and there is free transport to and from work, and we provide lunch every day for our employees, and all eat together. We built Lae International Hospital to supplement a rundown public hospital, seeing the need for professional international-standard healthcare. It saved people’s lives.”

Malcolm Lewis has had a long career with Hornibrook, having joined the company in 1994; in 2004 he led a management buyout supported by the company’s staff. Since then, he has built up the business while maintaining continuity in capability, resources, and personnel. Lewis returned



Malcolm Lewis  
Chairman

Matthew Lewis  
Managing Director

the company to operating as a full-fledged construction business, while developing the steel business alongside; the company also operates the Crossroads Hotel in Lae.

Hornibrook has the largest steel fabrication facilities in the country, and makes steel for a wide range of uses, from mining to motor transport and trailers. The company has designed, built, and erected certified truss-type bridges for decades. The bridges meet both PNG and Australian road standards, and are tailored to PNG’s geography and climate, including paint that withstands the sulphurous environments found around the country’s many volcanoes. Lewis’s formula has proved very successful - for a period the company was doubling in revenues every year.

Hornibrook’s long history in PNG and its track record of delivering for its clients, as well as its approach to the communities in which it operates, makes it an ideal partner for international businesses looking to step into the dynamic PNG market.

“We are open to partnerships of all kinds, as long as the company has a moral approach and strong values,” says Malcolm Lewis. “We aim to have long-lasting, mutually beneficial relationships. The people we do business with we’ve been working with for 20 years or more. We’ve grown together. It’s almost like family.”

Hornibrook is scoping out potential partners for property development in particular. The company is looking to expand its activities in the segment, with the aim of delivering quality, affordable, and accessible housing, delivering “living communities” that will provide new homes for Papua New Guineans and the growing number of expatriates alike. On the drawing board currently are four large-scale apartment buildings with supporting infrastructure including a small shopping mall, a cycling track, and ample green space.

Hornibrook’s home city, Lae, is PNG’s industrial heart, as well as being a transportation hub, with the country’s largest port. The Lewises are proud to be based there, and highlight its flourishing economy - the region contributes around 65% of PNG’s economy - and numerous opportunities for investors. Potential abounds for businesses willing to make a commitment to PNG and engage with the broader community, they assert.

“I love this country,” says Matthew Lewis. “The business environment can be difficult, but the rewards are good. It’s a cost-effective place to operate, and the labour force is high quality and loyal. PNG needs more investment to boost its economic position, and we want to be part of that, raising its profile. The business community here works together, and we all want partnerships with international companies to help them grow here. The opportunity is to come here and make a difference.”



# Paradise Foods

## Feeding the World with a Taste of Paradise

Highlighting a young and growing population, significant ongoing resource development projects, and a government drive for diversification, global professional services company PWC issued a very positive outlook in its latest “Doing business in Papua New Guinea” report. It said that the country’s “medium to long-term growth prospects are bright”, and noted opportunities arising from diversification as well as the ample natural resources, including in agriculture and fisheries.

The agriculture sector is a huge contributor to PNG’s economy, accounting for around a quarter of GDP, according to the US International Trade Administration, which identifies the sector as a “best prospect industry”. The country’s fertile soils and favourable climate allow the cultivation of a “wide variety of cash crops”, with exports including cocoa, coffee, copra, and palm oil. These in turn feed into a growing agri-foods industry.

Marking its 90th anniversary in 2023, Paradise Foods is one of the country’s best-established brands, and the largest food company in PNG, and thus a leading driver of sector development. The company’s product range includes biscuits, ice cream, snacks, chocolates, beverages including bottled water and powdered drinks, and culinary products including curry powders and other ingredients.

“Demand exceeds our capacity for a number of our products at the moment,” says Anthony Smaré, Paradise Food’s chairman. “We’re ‘the heart of the people’, with a very strong market for all our products. It’s a sign of how strong our business is, and the growth of purchasing power in PNG. We have achieved significant volume and revenue growth over the past 3 years, and we expect that to double in the next five years. We’re investing in production, and will see a big jump in revenue as we meet demand. We have plans for expansion across the country, and for us chocolate in particular has big potential for export.”

While Paradise has a market share of around 80% in ice cream in PNG - and 100% in some regions - Smaré estimates that the country has significant unmet demand in the country at the moment, and it aims to increase capacity to close the gap. The company’s biscuits are a staple in the country with market share well in excess of 60%, but again Smaré says that around 30% of market demand is unmet; this will change with the recently-completed expansion of Paradise’s biscuit production line which will increase its biscuit capacity by more than 50%.

“When the infrastructure comes into place it’s going to make everything better, more efficient, and at a lower cost, and we can reach further into the country and get more market share,” says group CEO Michael Penrose.

Even more strikingly, Paradise is increasing its chocolate production to 200 tons a month from a 10 ton per month pilot plant operating currently. This will allow the company to export in bulk, building up the huge potential of PNG’s cocoa industry, and



Michael Penrose  
Paradise’s CEO

Karina Makori  
Chocolate GM

Anthony Smaré  
Board Chair

adding value to its high-quality raw material exports.

“Paradise has always been about feeding PNG, now it’s ‘feeding the world with a taste of Paradise,’” says Smaré. “PNG is one of the world’s largest raw cocoa exporters, and we export chocolate in all its forms - cocoa liquor, power, and large blocks of chocolate which we sell to leading global brands for blending, as our cocoa is very rich. Chocolatiers across the world know PNG cocoa, but consumers don’t yet know premium PNG cocoa; the opportunity for us is to build the PNG cocoa brand. There are opportunities for partnerships to market our products, particularly in the Asia-Pacific region.”

Paradise’s cocoa and chocolate products support both the environment and society: they are organic, and the company works with local communities and more than 2000 smallholder cocoa growers.

Starting with cocoa, Paradise aims to pursue a “downstream strategy” developing value-added processed products from PNG’s abundant agricultural, forestry, and fisheries resources. Segments with particular potential include tuna, coffee, and vanilla, of which PNG processes little at present, limiting the value added in country.

“We’re keen for partnerships to develop expertise in downstream processing of

agricultural products,” says Smaré. “We’re very well-positioned as the largest food processor in the country. We want to be the supplier of choice for PNG products. We have the infrastructure, we have the people, and we have the expertise.”

Paradise is proud to be wholly-owned by 300,000 Papua New Guineans through PNG’s largest superannuation fund, Nambawan Super, but there will also be potential for other financial investors to become Paradise’s partners, with an IPO in both PNG and Australia targeted in the next three years. As Smaré notes, this will give international investors an opportunity to participate not only in Paradise’s expansion, but the PNG growth story as a whole.

“You can make very good returns, particularly if you bring in new technologies,” he says. “There’s a rapidly-growing population so there will be demand for your products, particularly as GDP rises. We expect that GDP will double within six years once major investment projects are implemented, which will expand the market. With the investment that the government and companies are making, PNG has unexploited potential, and should be seen as a trusted investment destination.”





# National Fisheries Authority

Transforming Papua New Guinea into Asia-Pacific's commercial fisheries hub

Papua New Guinea's GDP will grow by 5.1% in 2023, according to the International Monetary Fund, and the prime minister, James Marape, is focused on boosting private sector growth and unlocking PNG's abundant resource potential. In January 2023, PNG's parliament unanimously passed Marape's flagship Investment Promotion Bill 2022, intended to encourage SME growth, and attract FDI by legislatively generating a low-risk investment environment.

With a coastline measuring over 17,000 kilometres, and with a diversity of coastal and offshore eco-systems, fishing industry has the potential to be a major contributor to PNG's economy. It can lead growth with its global industry central to its coastal communities, rich culture, and food security. According to the World Bank, improving fisheries management and sustainable investment could generate billions of dollars for developing countries. Following a recent economic and commercialisation policy shift, the National Fisheries Authority (NFA) responded with a 10 year strategic plan that aims at capitalising its abundance fisheries and marine resources by encouraging more onshore fish-processing plants, diversifying production in the sector by balancing investments in both the tuna and non-tuna fisheries, expand and diversify the fisheries' market access, increase inter-governmental relationships within the industry, and incentivise foreign investment through special economic zones (SEZ).

The National Fisheries Authority (NFA) is a semi-commercial statutory authority established by an Act of Parliament in 1998. Formerly a division of the Department of Agriculture and Primary Industries, and later Department of Fisheries and Marine Resources, the NFA is the custodian of the country's commercial fisheries and marine resource sectors that hold in trust the interest of the people on behalf of the Government. The NFA's mandate is to sustainably manage and to facilitate the development of a globally competitive, sustainable and profitable fishing industry, that not only brings in revenue for the government, but importantly provides sustainable food source for the people, says its managing director, Mr. Justin Ilakini.

This mandate includes carrying out Marape's commercialization agenda, a 10-year road map launched in August 2021 to modernise the sector and grow its 2.7% share of PNG's GDP to 10%. Although most of the population is involved in non-tuna fisheries, PNG's tuna fishery is the country's largest and most valuable fishery, accounting for approximately over 90% of the industry's revenue. Thanks to well-established export connections with European and Asian markets, PNG's tuna resources have quadrupled in value since 2010. However, the NFA considers these gains to have reached an "equilibrium point." And by 2027, the NFA hopes to significantly expand the productive capacity of non-tuna fisheries, targeting increase in export value from PNG's prawn,



Justin Ilakini  
Managing Director

crab, lobster, reef finfish and seaweed products, including other species of commercial value.

For decades, Papua New Guinea's fisheries have relied on the brand recognition of the country's pristine waters and preferential treatment in global markets seeking high-quality fish products, from its capture fisheries. But markets have evolved, and a focused investment effort is required now more than ever to reassert PNG's market presence in free markets. As such, the NFA is open to and embraces international businesses - particularly those with a well-established supply chain, global marketing network, and diverse market presence.

"We plan to open the fisheries to international investment, joint ventures, and partnerships. We want to work with world-leading brands - who understand the impact our fisheries have on the socio-economic wellbeing of our people," he says. Most importantly, Ilakini wants international investors to help the NFA to change the industry's attitude from supply-driven to demand-driven. "We have abundant resources and supply - but we need to be driven by what the market demands; that is our management strategy going forward. We have the ocean; we can get more for less, add value, and should target a higher market," he says.

Overseeing three decades of sustainable management, the NFA is working to finalise Marine Stewardship Council (MSC) certifications for all products. MSC certification affirms to customers that a fishery meets internationally recognised standards of practice for sustainable fishing, and the NFA has already achieved accreditation for PNG's skipjack and yellowfin

tuna fishery, which all carry the blue MSC label. "We want to support MSC certification for all the fishery products in Papua New Guinea, including prawn, lobster, and crab, amongst others. It sets us apart from the rest," says Ilakini.

Meanwhile, the NFA manages a series of projects focused on the sustainable development of PNG's marine resources. The projects range from the coastal and inland communities' livelihood projects, to large scale capital projects geared towards promoting fish as an alternative healthy protein and in creating income generating opportunities including business, and addressing the infrastructure needs of industrial fishing with the objective of bringing the cost of doing business down. We stand firm in promoting a mission of 'Our Fish, Our Health, Our Wealth, Our Food and Our Future'.

Besides a sustainable, premium market, international investors will benefit from the NFA's network of successful domestic companies. The NFA is also seeking to remove any policy and legislative constraints on the growth of its fisheries. Its most recent policy proposal to PNG's government is to give it the power to set flexible vessel day prices for the tuna fishing vessels from offshore fisheries in line with the market climate change and regional competition. Additionally, the NFA is steering closer alignment between PNG's fisheries and the country's government agencies involved in regulating and promoting trade and investments to put in place appropriate and attractive incentives to ensure a low initial cost of investment and exemptions to foreign investors willing to invest within identified special economic zones (SEZs). The NFA endeavours to see increase in fishing vessels reflagging to PNG, thus, increase onshore landing and throughput processing that should lead to export revenue and broad economic benefits to the economy.

The NFA plays a fundamental role in realising Prime Minister James Marape's ambition to transform PNG into a globally competitive, open investment destination and embodies the myriad of high-potential, sustainable business opportunities now available within the country. "What the prime minister and our government is doing to elevate the Papua New Guinea brand is very timely. We're sending a clear message to the global investment community: we're open to investment and market-ready," says Ilakini.



# PNG Forest Products

Partner for sustainable timber innovation

Papua New Guinea is "undergoing an economic and social transformation", according to the World Bank, which invests heavily in the country in areas including transport and supporting SMEs.

The Bank states that agriculture, forestry, and fisheries account for nearly 20% of GDP. Forestry is a particularly strong sector in this thickly-wooded country, which has nearly 36trn hectares of forest, according to the Pacific Community.

At the forefront of the industry is sustainability champion PNG Forest Products (PNGFP). The company was founded in 1927 as a gold mining company initially and in 1954 constructed a plywood factory exporting mostly to the US. In conjunction with the Government of the day a 10,000 hectare plantation was also established to secure timber supply. The company also has a hydroelectricity business, the largest supplier of hydro power to the PNG grid.

"What makes our brand stand out are the 100% sustainable engineered wood products, plywood and timber products that we develop and export," says Tony Honey, Managing Director of PNGFP. "We have a track record of working with international partners including

The Bunker Group in Australia, New Zealand Wood Products and Bunnings in New Zealand, and businesses throughout Asia and as far afield as Scotland. Our company



Tony Honey  
Managing Director

is always expanding and developing new products, while remaining sustainable."

The current product range is export-focused, particularly for the markets of Australia and New Zealand, and includes products such as cladding, bridge decking, bus floors, and plywood bridges. PNG Forest Products also manufactures a range of prefabricated and kit-set buildings. It delivers residential houses across the country, including in rural areas, as well as providing kit-set buildings and structures for schools, hospitals, public administration, and mining and infrastructure projects. The company is currently developing a "build-yourself"

igloo-shaped shelter that can be constructed without tools that is useable in natural disaster environments and can be deployed in the wake of earthquakes, landslides, and floods.

In keeping with PNGFP's commitment to the environment and sustainability, it has a range of certifications, including accreditation from the Engineered Wood Products Association of Australasia, and PEFC Chain of Custody accreditation on the basis of its 100% controlled sourcing. Further strengthening sustainability could be a key component of future partnerships for the company. "We're believe that the future of the company could include partnerships that can be very beneficial for both parties," says Honey. "We are interested in the potential for knowledge and technology transfer. Competition is fierce, but with the right partner we can expand and ensure we stay at the forefront of the industry as the regional engineered wood product supplier of choice."

Furthermore, potential partners can tap into the huge potential of PNG - a hugely promising frontier market. "The most attractive aspect of PNG for the investors are the huge resources, from minerals to wood," says Honey. "PNG needs a lot of investment in infrastructure and improved law and order however things are changing for the better. This is the last frontier - come and invest now."



# KINA GROUP - PNG'S BANKING CHALLENGER

With its economy having outstripped pre-pandemic levels in 2022, Papua New Guinea has a positive outlook, bolstered by investment in and revenues from the resources sector, according to the IMF.

This economic success goes hand-in-hand with the growth of the banking sector; PWC has noted that "retail banking has considerably propagated its presence" and "there is still a great deal of opportunity".

Certainly, this is the view taken by Kina Group, which owns Kina Bank, the country's second-biggest bank and a pioneer in financial services.

"We're a challenger brand; we compete rather aggressively, and we compete through innovation," says Greg Pawson, Kina Group's managing director and CEO. "Our strategy is very much around digital. We have one of the best online banking and digital payment services in the country. We are nimble and quick to market the tech we've built in-country but to international best practice. We were fourth in the market and we've risen to second. This is our home market, this is where we're based and we'll continue to grow, particularly in regional PNG."

Kina Group is well-placed to bring foreign investors to its home market, being listed on Australia's ASX; bringing in international



Greg Pawson  
MD & CEO

investment is an important element to the company's financial growth, as well as its role in supporting PNG's economic and social development. The majority of Kina Group's shareholders are international, based in financial centres such as Sydney and Singapore.

These investors have been well-rewarded: Kina Group has achieved impressive growth of 25% annually over the past five years, achieving double-digit return on equity. As well as organic growth, the business has pursued an active M&A strategy. In 2015, it acquired the PNG subsidiary of Malaysian lender Maybank, and in 2019 much of the local banking business of Australia and New

Zealand Banking Group (ANZ). In 2021, Kina acquired a 15% stake in microfinance institution Nationwide Microbank, increasing its reach in the crucial SME segment.

The country's biggest bank, BSP, has a 65% market share. Kina expects to expand both through the broader market's growth - a remarkable 70% of the population are unbanked, giving huge scope for increasing penetration - and competing head-on with the dominant player.

"The opportunity is here, PNG is going to take off, there's been huge development," says Pawson. "We're receptive to different types of partnership - JVs, technology. PNG needs more multinationals and we can be their partners. We have a pan-Pacific vision."

Newcomers to PNG will find an investment climate well-tailored to their needs, and will be part of a growing international presence in this exciting market.

"Laws, the judicial system, the regulatory environment, are all of high standard, which is important for foreign investors," says Pawson. "This is a great investment destination - particularly with the right partner, which is what Kina is here for."

