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THE INDIGENOUS ROLE IN BUSINESS ENTERPRISE

Three papers from the Third Waigani Seminar, 1969

Indigenous shareholding - an analysis by A.J. O'Connor

Indigenous entrepreneurs and their narrow horizon by T.S. Epstein

Legal structure and indigenous business enterprise: the need for change by G. Nash

May 1970

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Foreword

At the Third Waigani Seminar in May 1969, one of the two issues for discussion was the development of indigenous business enterprise in Melanesia.¹ Much interesting information emerged, especially in relation to Papua-New Guinea, indicating that the present legal structure - which in the commercial field has been adopted almost in toto from Australia - is not ideally suited to the needs of Papua-New Guinea. Three of the papers given are reproduced here; they reveal three sides of the problem, as seen by an administrator, an economist and an academic lawyer.

Mr O'Connor, Deputy Registrar of Companies in the Office of the Registrar-General, shows how little impact the patterns of Western legal structures have had on the investment behaviour of Papuans and New Guineans. His paper is not conjectural. It does not put forward any theories. It lists existing facts. Outside the Gazelle and Highland areas there are practically no registered indigenous companies. Of equal significance is the fact that the growth rate of indigenous investment in Papua-New Guinea's development has been poor. It is my view that it will remain poor until the structure provided by the legal system coincides more closely with the behaviour patterns of the would-be Papuan and New Guinean investors. The law must take account of their social mores and their methods of raising finance if they are to play their proper part in the development of Papua-New Guinea.

Dr Epstein's chapter is concerned with the training and education of indigenous businessmen and with the problems they face in finding appropriate investment opportunities and in organising business ventures. One of the major difficulties facing those who hope to develop business enterprise among the indigenous people is the absence of relevant education and experience. The average indigenous storekeeper knows little of accounting practices, nothing of stock control and sometimes has very little arithmetic. He does not appreciate the need to allow for hidden costs, for depreciation on fixed assets and loss on perishables. Dr Epstein suggests that some of these difficulties might be overcome if indigenous entrepreneurs were able to obtain experience of business practice in other countries. This would expose the indigenous businessman

¹ See Appendix, p.47, for a complete list of papers presented at this seminar.

to the format of business enterprise in more developed areas and at the same time give him practical education in its methods.

My concern in the last chapter is to analyse the relevance of present legal forms to the development of indigenous business enterprise, and to suggest some tentative legislative improvements. Legislation should be geared to the needs of these enterprises and should be calculated to foster them. This is clearly not the present case. From Dr Epstein's chapter it can be seen that indigenous enterprise lacks both investment outlets and education, and Mr O'Connor makes it clear that indigenous enterprise has not adopted the preconceived forms outsiders have chosen for it and is not prepared to comply with these forms. I am satisfied that much of the business enterprise carried on in Papua-New Guinea today is contrary to the present law, not because of the nature of the businesses carried on but because the enterprises are in a form which fails to comply with the format laid down by Australian legislation re-enacted in Papua-New Guinea.

Indigenous business will flourish in this country if business ventures can be found which are acceptable to the local people and if legal recognition can be given to the de facto forms of organisation which they readily and naturally adopt. This is not to say that Western forms of corporate structure do not have a part to play in the development of Papua-New Guinea. There may be a time in the future when the company law structure of the United Kingdom or of Australia will be perfectly appropriate to Papua-New Guinea's needs. Today, however, the country is in a state of transition. That transition will be much smoother if we do not expect all the concessions in relation to law and legal forms to be one way. Enforcing absolute adherence to Western forms at this stage is not only futile, it is positively regressive.

Gerard Nash

Chapter 1

Indigenous shareholding - an analysis

by A.J. O'Connor*

Analysis of tables

The main aim of this chapter is to make available from official records material concerning indigenous group enterprise. These are maintained for the information of the public under the Companies and Business Names Ordinance of Papua-New Guinea. In order to do this I have drawn up four tables. Table 1 lists and classifies twenty-eight companies by activity, location and type, gives their date of incorporation, the nominal and issued capital, the number of issued shares held by indigenes, and the value of these shares. It also shows the number of indigenous directors and the total number of directors. Table 2 was drawn up in the hope that it might indicate a trend in investment over the calendar years 1964-69. It lists the total amount of investment by indigenes, measured in dollars. Tables 3 and 4 are lists of business names: Table 3 records those currently registered and Table 4 those once registered but since removed from the register for various reasons.

Before turning to Table 1, it should be pointed out that the information appearing there is accurate only at the date it was extracted (between April and June 1969). Shareholdings and directors change from day to day and companies are sometimes unwilling or unable to file returns and notices promptly, so that there may be some inaccuracy. Secondly, unlike public companies, proprietary companies generally are not required to file balance sheets, profit and loss accounts and auditors' reports. Thus, details concerning profits, losses, dividends, reserves, etc. of proprietary companies are not available from the records and therefore do not appear in the summary.

P.N.G. Motors Ltd converted from a proprietary to a public company on 24 June 1968 and on 2 October 1968 issued a prospectus seeking subscriptions of \$250,000. The company made a special effort to attract

* Mr O'Connor is Deputy Registrar of Companies, Office of the Registrar-General.

Table 1
Companies with indigenous shareholders/directors

Name	Category	Location	Type	Date of incorporation	Nominal capital \$	Issued capital \$	Indigenous shareholding		Directors	
							shares	\$	No.	Indigenous
P.N.G. Motors Ltd	Commercial	Port Moresby, Lae, Rabaul	Pub.	19. 4.56	1,000,000 (50c)	580,000	2,600	1,300	5	-
Native Marketing and Supply Service Ltd	Commercial, agricultural, coffee buying, bulk and trade stores, wharf vessels	Lae, Morobe	Pub.	26. 3.59	500,000 (\$2)	273,590	48,367	96,734	12	6
Ramalmal Trading Co. Ltd	Agricultural	Rabaul	Pub.	29.12.61	30,000 (\$1)	7,327	6,427	6,427	7	6
Highlands Commodity Exchange Ltd	Agricultural	Goroka	Pub.	20. 9.62	200,000 (\$2)	81,952	23,959	47,918	12	10
Upper Asaro Coffee Community Ltd	Agricultural, coffee	Goroka	Pub.	25. 6.63	25,000 (\$2)	1,937	931	1,862	4	-
Mt Lamington United Cocoa Ltd	Cocoa	Popondetta	Pub.	4.12.63	200,000 (\$2)	27,584	10,200	20,400	7	4
Oro Ltd	Commercial	Popondetta	Pub.	5. 7.63	100,000 (50c)	40,366	19,168	9,584	4	2
Waso Ltd	Agricultural	Wapenamanda	Pub.	13. 1.64	200,000 (\$2)	61,308	11,141	22,282	8	3
Aitape Enterprises Pty Ltd	Commercial, building	Aitape	Pty	17. 1.64	40,000 (50c)	10,714	2	1	3	2
Jascar Ltd	Agricultural, commercial	Goroka	Pub.	7.12.64	400,000 (\$1)	241,700	1,020	1,020	4	-
Paparatava Development Co. Ltd	Commercial, sawmill	Rabaul	Pub.	12. 2.65	40,000 (\$2)	14,164	6,456	12,912	16	15
Painamadaka Co. Ltd	Commercial, furniture	Rabaul	Pub.	10. 5.65	100,000 (\$2)	22,876	11,438	22,876	4	4
Hahalais Welfare Pty Ltd	Commercial	Hanahan, Buka	Pty	22. 6.66	6,000 (\$120)	6,000	50	6,000	3	3
Vanimo Trucking Service Pty Ltd	Commercial	Vanimo	Pty	20. 9.66	50,000 (\$1)	2	2	2	2	1
Nangamp Coffee Co. Ltd	Agricultural	Hagen, Minj, Banz	Pub.	21. 9.66	100,000 (\$1)	5	3	3	4	3
Gazelle Hotels Ltd	Commercial, accommodation	Rabaul	Pub.	5.10.66	120,000 (\$1)	10,358	10,316	10,316	7	3
Ngaio Industries Pty Ltd	Commercial	Port Moresby	Pty	15.11.66	10,000 (\$1)	1,100	100	100	2	1
Konua Development Co. Ltd	Commercial, logging	Sohano	Pub.	14. 3.67	100,000 (\$1)	10,020	5,020	5,020	8	7
Wabag Native Trading Co. Pty Ltd	Agricultural (coffee processing, buying)	Mt Hagen	Pty	1. 6.67	50,000 (\$1)	8,043	838	838	4	1
Ngaio Paper Products Pty Ltd	Commercial	Port Moresby	Pty	4. 9.67	10,000 (\$1)	2	1	1	2	1
Kerowagi Coffee Co. Ltd	Agricultural, coffee	Mt Hagen	Pub.	31.10.67	100,000 (\$1)	20,120	116	116	7	3
Yoro Cocoa Developers Ltd	Agricultural	Madang	Pub.	22. 2.68	50,000 (\$1)	5	-	-	11	10
Dala Transport Pty Ltd	Commercial	Port Moresby	Pty	24. 4.68	10,000 (\$1)	2	1	1	n.a.*	n.a.
T.A.C.T. Ltd	Commercial, automotive repair	Port Moresby	Pub.	25. 6.68	35,000 ('A' \$10) ('B' \$5)	6,630	'A' 10 'B' 68	440	4	1
Wewak Transport Service Pty Ltd	Commercial, transport	Wewak	Pty	27. 6.68	200,000 (\$2)	800	200	400	4	2
C.W.S. Agencies Pty Ltd	Commercial	Lae	Pty	2. 5.69	10,000 (\$1)	2	1	1	-	-
Nguvalian Development Co. Pty Ltd	Commercial	Rabaul	Pty	19. 5.69	10,000 (\$1)	5	4	4	5	4
New Britain Garage Pty Ltd	Commercial	Rabaul	Pty	Pending	20,000 (\$1)	2	1	1	2	1

* Not available.

indigenous investment by inserting large advertisements in English and pidgin in the local press. Approximately twenty shareholders, mostly company employees, responded, purchasing a total of 2,600 50c shares. The company has not yet appointed an indigenous director.

Native Marketing and Supply Service Ltd - or Namasu - is the largest of the indigenous companies in Papua-New Guinea, both in area of operations¹ and amount of indigenous shareholding. The company has approximately 5,500 indigenous shareholders holding shares valued at approximately \$97,000. Its operations extend throughout the Morobe, Madang, Eastern and Western Highlands Districts and wherever it goes it attracts investment. It paid annual dividends of 6 per cent in 1960-61, 7½ per cent in 1962-64, and 10 per cent in 1965-68. Prospectuses were issued in 1964 and 1965 and these set out the company's aims.

The Native Marketing and Supply Service Limited was founded by Lutheran Mission New Guinea together with some leading Lutheran people in Australia as well as a great number of New Guineans....

Its main objective was, and still is, to give the people of New Guinea an opportunity to be active partners in a modern European type of trading organisation and thus absorb some of the unused money which has been lying around in the villages and hamlets. The founders of the Company felt that the people have to be taught in a practical way how the wealth of the white men is being created thus combating their magic beliefs of the origin of European success and European 'cargo'....

A special point has been made in training New Guineans for more responsible positions. Apart from a staff of 11 Europeans there are at present 25 New Guineans in leading positions in the office, bulk store and as branch managers.

(Prospectus 1965:3, 4)

Ramalmal Trading Co. Ltd issued 2,145 shares of \$1 par value to eighteen indigenous shareholders in 1962. By October 1968 the company had approximately 465 indigenous shareholders holding shares with a par value of \$6,427. However, although the company made a small profit in 1966, it does not appear to have traded profitably before or since. At 30 June 1967 it had accumulated losses of \$11,710. The assets position is complicated by the fact that the major assets are clan land and the buildings erected on it. The objects of the company were stated to be:

- (a) To take over, purchase or otherwise acquire the existing business, assets and liabilities, buildings, machinery, plant, motors, goods, chattels and effects of whatsoever kind and wheresoever situate of the Ramalmal Village Advancement Society (Catholic Division) New Britain T.N.G.

¹ See Appendix 1 and also Fairbairn (1967:76-88 and 1969).

- (b) To take over purchase or otherwise acquire the Native lands hereditaments and premises now held by the said Ramalmal Village Advancement Society, including the whole of the Fermentry [sic] buildings, Trade Stores, and other structures and improvements upon the said lands...together with plant....
- (c) To carry on the business of a Cocoa Fermentry [sic] in all its branches....

(Memorandum and Articles of Association 1961:1)

Highlands Commodity Exchange Ltd has approximately 1,900 indigenous shareholders from the Goroka area holding shares to the value of approximately \$47,900. Accumulated losses at 30 June 1968 were \$29,126. The company operates as a coffee buyer and processor and also has a quarry. In 1966 the Board recommended diversification of crops and it is currently investigating the possibility of property investment in Goroka, the marketing of vegetables and the establishment of a piggery.

Upper Asaro Coffee Community Ltd is also a coffee buyer and processor. It has 49 indigenous shareholders holding 931 shares with a face value of \$1,862. The company has not made a public issue and the indigenous shareholding was acquired by transfer. The company had undistributed profits of \$8,417 at 30 June 1968 after paying one dividend in 1964.

Mt Lamington United Cocoa Ltd operates a cocoa fermentary and was incorporated on 4 December 1963. Its first issue to indigenes was on 10 October 1964, and in May 1969 total indigenous shareholding was worth approximately \$20,000. At 30 June 1969 the company had a debit balance in its profit and loss account of \$30,211 on total paid-up capital of \$27,584. Four of its seven directors are indigenous.

Oro Ltd made a public issue in 1964 and endeavoured to operate a chain of trade stores, a picture theatre and milk bar. Poor stock and credit control forced the closure of most of the trade stores and the company now intends to lease the theatre and milk bar in an attempt to recoup its accumulated losses of \$70,905.

Waso Ltd has issued four prospectuses since incorporation, the latest in November 1968, which stated:

Waso Limited was founded by missionaries of New Guinea Lutheran Mission - Missouri Synod and interested New Guineans. It was incorporated in January 1964.

Its objective is 'individuals, groups and communities who enjoy a greater measure of freedom from ignorance, poverty and disease'. The founders feel that Waso Limited can make a substantial contribution toward the achievement of this general objective by giving opportunity for New Guineans to invest their idle cash in marketing and trading activities, thereby giving them a stake in their own economy as well as the opportunity to earn a return on their accumulated capital. High on the list of specific

objectives of Waso Limited is the training of New Guineans as clerks, effective workers, and managers.

440 New Guineans have taken the opportunity to invest \$23,532 in shares in Waso Limited....

(Prospectus 1968:2)

The company made its first profit in 1964 and has paid an annual dividend of 10 per cent from 1965-67. In 1968 it paid a dividend of 5 per cent.¹

Aitape Enterprises Pty Ltd conducts a building and contracting business and other associated operations in the West Sepik District. It issued 1,428 shares to eleven indigenes in 1964 but since that date nine of those shareholders transferred their holdings to the principal of the company, leaving the two indigenous directors holding one share each.

Jascar Ltd and its associated and subsidiary companies conduct coffee growing, buying and processing, cattle and pig breeding, and transport and retail stores. Jascar made its first issue to indigenes in 1966 and now has seven indigenous shareholders from the Kainantu District holding 1,020 shares. It paid dividends of 5 per cent in 1966 and 12½ per cent in 1967 and 1968 leaving undistributed profits of \$119,000. The earning rates on capital in 1966, 1967 and 1968 were 22.2 per cent, 42.5 per cent and 33.5 per cent respectively.

Paparatava Development Co. Ltd's aims were:

- (a) To utilize the timber resources of the area known as 'Olon' for the purpose of improving the standard of housing of shareholders of the company and to promote and develop communal projects for the benefit of shareholders and/or their dependents.
- (b) To carry on business of logging operators, buying and selling logs of every description.

(Memorandum of Association 1964:1)

The company has not issued a prospectus but has placed 6,456 shares (par value \$2) with indigenes in the Rabaul area. The company had net losses of \$6,338 in 1966 and \$5,930 in 1967.²

Palnamadaka Co. Ltd is believed to have been the first 'indigenous' company to take over a non-indigenous enterprise when in September 1965 it purchased a furniture and joinery factory in Rabaul.³ In 1965-66

¹ See Appendix 2 and also Fairbairn (1967:89-97).

² See also Wilson (1968:33-51) for a history and analysis of Paparatava Development Company.

³ See Wilson (1968:26-32) for a detailed analysis.

and 1968 the company issued 11,438 shares (par value \$2) to indigenes and it has traded profitably since incorporation. In 1966 the company made a profit of \$3,866 but no dividend was declared. Profits in 1967 and 1968 were \$10,578 and \$10,943 and a 7½ per cent dividend was paid in both years leaving a balance of unappropriated profits of \$15,845. I do not know whether this company has a 'guardian angel'; the records show 100 per cent indigenous shareholding and directorship.

Hahalis Welfare Proprietary Ltd was formed with the following objects:

- (a) to assist, promote, encourage and participate in the cultural and economic development and the business interests of people living in the villages of its members; to acquire and maintain facilities for the advancement of such interests; to set up and maintain a marketing organisation, and to take all steps, acquire all properties, both real and personal, licences, permits and agencies necessary and convenient in the proper maintenance of an organisation, providing business, cultural and entertainment facilities to its members and the people living in the neighbourhood of its members.
- (b) to take over by purchase, gift, transfer or to otherwise acquire the whole or any part of real and personal property belonging to, the individuals now collectively known as the Hahalis Welfare Society.
- (c) to acquire, manage, conduct and control trade store and retail business particularly in the Bougainville District of the Territory of New Guinea.

(Memorandum of Association 1966:1)

Its only issue was of fifty \$120 shares to indigenes which was a full subscription of its nominal capital of \$6,000.

Vanimo Trucking Service Pty Ltd was incorporated on 30 September 1966, with two indigenes from the West Sepik District as the subscribers and directors. On 1 October 1966 the company acquired the business known as 'Joseph's store', formerly conducted by these same men since 1 April 1965. Subsequently the company raised a loan of \$24,000 secured by a charge over its entire assets and undertakings. The terms were interest at 7 per cent and repayments at the rate of \$200 per month.

Nangamp Coffee Co. Ltd is a coffee producer and dealer but it has not as yet commenced business. Its only issue to date was to subscribers, three of whom are indigenes from the Minj-Banz area.

Gazelle Hotels Ltd, according to its listed objects, intends to carry on the business of licensed victuallers, hotel, restaurant, cafe and tavern keepers. It has not yet made a public issue but has placed 10,316 shares (par value \$1) with sixty-two indigenous shareholders in the Rabaul-Kokopo area.

Ngaio Industries Pty Ltd was formed to carry on the business of manufacturers, importers, exporters, distributors and merchants of all kinds of clothing manufactured from all kinds of fabrics, both natural and synthetic. Its only issue has been of 1,100 shares (par value \$1), 100 of which were allotted to its indigenous director.

Konua Development Co. Ltd conducts a logging operation in the Bougainville District. It has not made a public issue but has placed 5,020 shares (par value \$1) with approximately 230 indigenes in the Sohano area.

Wabag Native Trading Co. Pty Ltd is a coffee dealer and producer and made its first issue to its two indigenous shareholders in 1967 shortly after incorporation. They hold 838 shares with a par value of \$1.

Ngaio Paper Products Pty Ltd was formed as an operating company engaged in the manufacture of paper products of various kinds. It holds a Pioneer Industry Certificate issued on 13 November 1967 for the manufacture of packaged and paper products including paper bags and toilet paper. Its issue of one \$1 share was made to its indigenous director in 1967.

Kerowagi Coffee Co. Ltd, a coffee grower, buyer and processor, issued a prospectus in March 1968 offering 99,995 shares for subscription. The proceeds of this issue were to be apportioned to the purchase of a factory building at Kerowagi from Mount Hagen Coffee Processors Ltd who in turn had purchased it from Simbu Coffee Factory Ltd which had been dissolved. The amount raised was \$20,120, indigenes investing \$116.

Yoro Cocoa Developers Ltd was formed with the objects of carrying on business as planters and processors of tea, coffee, cocoa, tobacco, etc. The company has not issued a prospectus and the only share issue to date was to subscribers. The company has eleven directors, ten of whom are indigenes.

Dala Transport Pty Ltd includes in its aims 'To operate motor transport of all kinds, including the leasing or hiring for any period or number of journeys cars, lorries, trucks, tractors, ships and vehicles....' (Memorandum of Association 1968:1). The company has not made any share issues other than to the two subscribers, one of whom is an indigene.

T.A.C.T. Ltd was formed to repair, buy and sell motor vehicles, to carry on associated activities, and to assist in the training of versatile, competent and conscientious Papuan and New Guinean tradesmen and businessmen. It issued a prospectus in August 1968 to raise \$6,630, in which it was successful, \$440 coming from six indigenes. The company has one indigenous director.

Wewak Transport Service Pty Ltd is a transport business dealing with passengers. It also hires vehicles, plant equipment and carries by land, sea and air. The two indigenous director/shareholders hold 50 per cent of the company's issued capital of \$800.

C.W.S. Agencies Pty Ltd was formed as a buying and commission agent to service the Co-operative Wholesale Society Ltd and co-operatives generally. It has not made a share issue to date except to subscribers, but of the two nominated directors, one is from Kairuku and the other from the Milne Bay District.

Nguvalian Development Co. Pty Ltd is a retail and wholesale merchant and general produce dealer. It intends to operate in the Rabaul area. The company has nominated five directors, four of whom are indigenes from Nguvalian village.

New Britain Garage Pty Ltd was formed following the reorganisation of a business of the same name. The company will have a number of indigenous shareholders, mostly from the Rabaul-Kokopo area.

Only general conclusions are drawn from Table 1. The great bulk of indigenous investment, both in money and number of investors, is from the Highlands and the Gazelle Peninsula, and the Gazelle Peninsula also has the greatest diversity of business enterprise. Apart from Oro Ltd and Mt Lamington United Cocoa Ltd, which are the only 'indigenous' public companies in Papua, there has been little Papuan investment in Papuan or New Guinean companies.

From Table 2 it can be seen that over the last five years indigenous investment has increased from \$133,000 to \$246,000, and that over one-third of this increase of \$114,000 has come from the shareholders of Namasu and Waso Limited. Nineteen new companies have been registered and although nine of these are public companies, most have not issued prospectuses. Company activity at the moment, however, suggests that share issues for the calendar year 1969 may reach the figure achieved in 1966.

As shown in Table 3, indigenes are involved in eighty registered businesses in the following categories:

Trade stores	37
Transport	16
Farming	4
Building	3
Other	20

The category 'other' includes such diverse enterprises as entertainment, accommodation, pest control, office cleaning, property development, ice cream vending, fishing, export, coffee buying and aerated-water manufacturing.

The break-down into districts is as follows:

Central District	26
Madang District	17
Morobe District	12
Gulf District	9
Sepik Districts	5

Table 2

Share issues to indigenes
(\\$)

Name	1.7.1964	1964	1965	1966	1967	1968	1969	Total
P.N.G. Motors Ltd	-	-	-	-	-	1,300	-	1,300
Native Marketing and Supply Service Limited	63,444	-	17,986	3,256	2,702	9,886	-	97,274
Ramalmal Trading Co. Ltd	1,265	-	-	-	5,162	-	-	6,427
Highlands Commodity Exchange Ltd	47,738	140	20	-	-	-	-	47,898
Upper Asaro Coffee Community Ltd	1,864	-	-	-	-	-	-	1,864
Oro Ltd	9,584	-	-	-	-	-	-	9,584
Waso Ltd	9,406	-	4,632	764	7,506	96	-	22,404
Aitape Enterprises Pty Ltd	-	714	-	-	-	-	-	714
Jascar Ltd	-	-	-	20	-	-	-	20
Paparatava Development Co. Ltd	-	-	-	12,912	-	-	-	12,912
Palnamadaka Co. Ltd	-	-	808	21,906	-	162	-	22,876
Hahalis Welfare Pty Ltd	-	-	-	6,000	-	-	-	6,000
Vanimo Trucking Service Pty Ltd	-	-	-	2	-	-	-	2
Nangamp Coffee Co. Ltd	-	-	-	3	-	-	-	3
Gazelle Hotels Ltd	-	-	-	3	-	-	10,313	10,316
Ngaio Industries Pty Ltd	-	-	-	-	100	-	-	100
Konua Development Co. Ltd	-	-	-	-	7	5,013	-	5,020
Wabag Native Trading Co. Pty Ltd	-	-	-	-	838	-	-	838
Ngaio Paper Products Pty Ltd	-	-	-	-	1	-	-	1
Kerowagi Coffee Co. Ltd	-	-	-	-	-	116	-	116
Dala Transport Pty Ltd	-	-	-	-	-	1	-	1
T.A.C.T. Ltd	-	-	-	-	-	440	-	440
Wewak Transport Service Pty Ltd	-	-	-	-	-	400	-	400
C.W.S. Agencies Pty Ltd	-	-	-	-	-	-	1	1
Nguvalian Development Co. Pty Ltd	-	-	-	-	-	-	4	4
New Britain Garage Pty Ltd	-	-	-	-	-	-	1	1
Total*	133,301	854	23,446	44,866	16,316	17,414	10,139	246,516

* The figures for some companies differ slightly from those given in Table 1 because of transfers of shares.

Table 3

Registered businesses with indigenous members, May 1969

Business number	Name	Category	District of operation	Date of registration	No. of members	Indigenous members	Remarks
1274	P. and G. Pako Mirikuro Transport	Transport	Central	13. 8.65	3	3	
1322	Barasaro Trade Store	Trade store	Gulf	24. 1.66	18	18	
1338	Sunshine Aerated Waters	Manufacturer of aerated waters	Morobe	23. 3.66	1	1	Native Marketing and Supply Service Ltd
1347	Barapa Sawmill	Sawmill	Eastern Highlands	15. 3.66	3	3	
1367	Joseph's Store	Store	West Sepik	26. 4.66	1	1	Vanimo Trucking Pty Ltd
1369	Loaloa Transport	Transport	Central	6. 5.66	1	1	
1403	Sasa Building Contractors	Building construc- tion	Morobe	7. 7.66	2	2	
1419	Yule Lobster Enterprises	Fish processing	Central	29. 7.66	2	1	Joint venture Morr Pty Ltd, Kairuku Fishing Society Ltd
1444	Taboro Transport	Transport	Central	22. 9.66	3	3	
1453	Kimininga Hostel	Hostel, gust house	Western Highlands	10.10.66	1	1	Mt Hagen Local Govern- ment Council
1480	Toruipi Trade Store	Trade store	Gulf	28.10.66	5	5	
1521	United Investments	Investors and shipowners	New Britain	28.12.66	16	4	Chinese/indigenous
1556	Arti Enterprises	Trade store and transport	Madang	13. 2.67	2	1	European/indigenous
1558	Sepik Mask and Crocodile Carvers	Woodcarvers	Morobe	7. 2.67	3	3	
1563	Martin Kiara Trade Store	Trade store	Central	9. 1.67	7	7	
1582	G. Karava and Family Trade Store	Trade store	Gulf	17. 2.67	9	9	
1594	Tai-Kone Store	Trade store	Central	15. 3.67	1	1	
1607	Territory Ice Creams	Ice cream vending	Central	21. 4.67	2	2	
1616	Iokea Trade Store	Trade store	Gulf	4. 5.67	3	3	
1639	Amazon Bay Traders	Trade store and copra	Central	9. 5.67	2	2	
1647	Arua Trade Store, Hanuabada	Trade store	Central	24. 5.67	3	3	
1651	Sirovai Building Contractors	Building contract- ing	Morobe	29. 5.67	2	2	
1698	Eraka Karama Trade Store	Farming and trade store	Gulf	10. 7.67	2	2	
1728	Chimbu Exporters	Exporters	Eastern Highlands	16. 8.67	1	1	Kundiawa Coffee Society Ltd
1729	Hi-Bi	Exporters	Eastern Highlands	16. 8.67	1	1	Kundiawa Coffee Society Ltd
1747	Ivorika Coffee Trading Store, Karama	Trade store, coffee marketing	Gulf	4. 9.67	5	5	
1770	Bisiro Fishing Group	Fishing	Central	10.10.67	3	3	
1771	Hauramiri and Arabure Tractor Group	Transport	Central	6.10.67	6	6	
1789	Iso Group	Farming	Central	30.10.67	7	7	
1800	Mairovera Trade Store	Trade store	Gulf	3.11.67	2	2	
1814	Old Sarias Trade Store	Trade store	Gulf	30.10.67	1	1	
1817	The Papuan Knights Band	Band	Central	29.11.67	9	9	

1818	Morea and Sons	Trade store	Central	29.11.67	5	5	
1867	Namasu Bookshop	Bookshop	Morobe	15. 1.68	1	1	Native Marketing and Supply Service Ltd
1873	Wantoat Traders	Coffee buying and general trading	Morobe	8.12.67	1	1	
1880	Pinupaka Canoe Service	Canoe service	Central	15. 2.68	1	1	
1881	Bunai Family Trade Store	Trade store	Central	14. 2.68	3	3	
1926	Sawarin Transport	Transport	East Sepik	17. 4.68	1	1	
1927	Kreer Carrier	Carrier	East Sepik	17. 4.68	2	2	
1937	Crocodile Trade Store	Trade store	Central	19. 4.68	1	1	
1938	Lohia Goata and Sons	Trade store	Central	18. 4.68	2	2	
1941	Savaia Village Group	Shipping	Central	3. 4.68	20	20	
1957	Ragitzaria Transport	Transport	Morobe	26. 4.68	4	4	
1990	Munmaf Group	Transport	New Ireland	13.11.67	4	4	
2014	Wamp-Nga Motors	Car sales and repairs	Western Highlands	24. 6.68	1	1	Mt Hagen Local Govern- ment Council
2024	Barovon Store	Trade store	East New Britain	27. 6.68	2	1	
2026	Busem's Trade Store	Trade store	Morobe	1. 7.68	7	7	
2036	Mekeo Traders	Trade store	Central	1. 7.68	1	1	
2038	Weta Marine Group	Shipping	Morobe	12. 7.68	3	3	
2048	Indigenous Properties of Papua	Property develop- ment	Central	19. 7.68	6	5	European/indigenous
2063	Paramin Group	Farmers	New Ireland	10. 7.68	5	5	
2068	S. and T. Contractors	Building	Western Highlands	13. 8.68	6	6	
2078	Karam Trade Store	Trade store	Madang	12. 8.68	3	3	
2080	Gau Trade Store	Trade store	Madang	19. 8.68	3	3	
2083	Salum Bros	Planters and shipowners	Madang	2. 8.68	3	3	
2094	Gosopos Klan Transport	Transport	Morobe	12. 8.68	4	4	
2102	Dimer Village Trade Store	Trade store	Madang	11. 9.68	2	2	
2104	Besem Nabur Trade Store	Trade store	Madang	12. 9.68	1	1	
2105	Kasap Keng Trade Store	Trade store	Madang	12. 9.68	1	1	
2115	Iror Trade Store	Trade store	Madang	18. 9.68	3	3	
2118	Families Trade Store	Trade store	Madang	23. 9.68	3	3	
2126	Keleaona Transport	Transport	Central	8. 7.68	2	1	European/indigenous
2162	Riwo Trade Store	Trade store	Madang	4.11.68	3	3	
2175	Baitabag Trade Store	Trade store	Madang	13.11.68	3	1	European/indigenous
2195	Territory Pest Control Maintenance Service	Pest control, office cleaning	Central	28.11.68	2	1	European/indigenous
2197	Territory Office Cleaning Service	Office cleaning, pest control	Central	2.12.68	3	1	European/indigenous
2204	Kumbagora Carrier	General carrier	East Sepik	3.12.68	1	1	
2209	East Sepik Transport Service	Transport	East Sepik	13.12.68	3	3	
2220	Orara Monerang	Taxi service	Madang	10. 1.69	2	2	
2221	Kurum Plantation Trade Store	Trade store	Madang	7. 1.69	3	2	European/indigenous
2242	Koar Trade Store	Trade store	Madang	4. 2.69	2	2	
2256	M.-A.-K.-D. Trade Store	Trade store	Morobe	20. 2.69	4	4	
2278	Garamaram Trade Store	Trade store	Madang	7. 3.69	3	3	
2282	T.A.T. Trade Store	Trade store	Gulf	21. 3.69	1	1	
2293	Rakonga Store	Trade store	East New Britain	27. 3.69	2	1	European/indigenous
2297	Gial Trade Store	Trade store	Madang	1. 4.69	3	3	
2300	Nanga Grasscutters	Gardening	Central	11. 4.69	4	4	
2310	Cape King William, Kalasa and Komba Enterprise	Trade store, transport	Morobe	14. 4.69	2	2	
2320	Erierina Traders	Trade store	Central	29. 4.69	15	15	
2342	Bullu Welfare Transport Group	Transport	Madang	24. 1.69	6	6	

Eastern Highlands District	3
New Britain Districts	3
Western Highlands District	3
New Ireland District	2

Sixty-four of these businesses have indigenous members only, there are eight joint European/indigenous enterprises, one Chinese/indigenous, two owned by indigenous companies, two by local government councils, two by co-operatives and one joint venture between a Papua-New Guinea company and a co-operative.

Table 4 is presented without comment except to point out that 'Kila Contractors' was probably the first registered joint indigenous/European enterprise. This business was registered in 1954 and the members were a carpenter from Vabukori village and an airline engineer.

Table 4

Expired businesses previously registered and having indigenous members

Business number	Name	Category	District of operation	Date of registration	Members		Date of expiry
					Indi- genes	Other	
226	Kila Contractors	Construction	Central	29. 7.54	1	1	3. 1.62
345	Una Ruk	Restaurant	New Britain	16. 1.56	5	-	6.12.65
422	Vabukori Trading Co.	Trade store	Central	19. 2.57	1	-	13.12.65
884	Mea Arere and Sons Trade Store	General store- keepers	Central	23. 2.62	2	-	27.12.65
893	Kaurilavi Trade Store	Trade store	Gulf	27. 3.62	1	-	27.12.65
714	Lao Mai Dalana	Transport	Central	3. 5.60	1	-	20.12.65
757	Heavala Trading Store	Trading with indigenes	Gulf	23. 9.60	1	-	20.12.65
935	Oamalara Trade Store	Village store	Gulf	11. 9.62	5	-	27.12.65
984	Elevala Trading	Trade store	Central	2. 4.63	2	-	29.11.66
1055	Kerema Sewing Business	Making and sell- ing garments	Gulf	17. 7.64	3	-	11. 3.67
1045	New Guinea Elec- trical Industries	Electrical wholesalers	Eastern Highlands	25.10.63	4	-	11. 3.67
1117	R.H. Dinsmore and Associates	Engineering surveys and design	Central	2. 7.64	1	-	28. 6.66
1294	Oraimai Trading	Transport	Central	28. 9.65	2	-	28. 9.68
1296	Nogomaka Transport	Transportation of cargo and passengers	Central	14.10.65	4	-	14.10.68
1168	Weana Babaga and Sons Transport Service	Passenger and general carriers	Central	9. 2.65	5	-	9. 2.68

Since completing these tables there has been further indigenous investment. Ottley and Ottley Pty Ltd, a haulage company in Mt Hagen, recently issued shares to indigenes. Bali Plantations Ltd, a listed public company, also has New Guinean shareholders. No doubt, an exhaustive search of the share lists of every company in Papua-New Guinea would reveal a few more indigenous shareholdings, but Tables 1 and 2 appear substantially correct up to mid-1969.

Appendix 1

Namasu: buildings and activities

The present headquarters at Voco Point, Lae, contains (Prospectus 1965):

1. Headquarters and staff quarters in a two-storey building
2. Bulk warehouse
3. Shipping shed
4. Modern wharf which is 200 ft long and accommodates the Company's vessels as well as providing loading facilities for other ships
5. Work shop
6. Coffee factory
7. New Guinea staff quarters
8. Overnight house for ships' passengers

Bulk distribution stores as well as coffee and copra buying points were built up at fourteen different places.

Timbulim Plantation near Finschhafen was leased from Lutheran Mission.

Apart from a small coconut plantation with approximately 5,000 palms, a coastal coffee plantation was started. Up to the present time approximately 150 acres of land have been cleared and 100 acres have been planted up with coffee trees.

Appendix 2

Waso: activities, profits and dividends

The headquarters and registered office are at Wapenamanda.

Waso is engaged in the following activities (Prospectus 1968:3-4):

1. Agency, Ansett-MAL, since 15 March 1964
2. Vegetable marketing since 21 April 1964
3. Post office, Wapenamanda, since 1 May 1964
4. Agency, Commonwealth Savings Bank of Australia, since 21 July 1964
5. Telegraph office, Wapenamanda, since 1 September 1964
6. Agency, Shell Oil Co. Ltd, since 21 September 1964
7. Coffee marketing, since 1 January 1965

8. Sub-agency, Royal Exchange Assurance, since 23 July 1965
9. Trade stores:
 - Wapenamanda, 15 July 1964
 - Pauari, 17 July 1964
 - Irelya, 8 October 1964
 - Raiakama, 2 March 1965
 - Yaibos, 3 June 1965
 - Kundis, 11 June 1965
 - Papayuku, 18 June 1965
 - Sirunki, 17 July 1965
 - Wabag, 15 July 1965
 - Muritaka, 1 July 1966
 - Laiagam, 1 December 1966
10. Importers and wholesalers, since 1 July 1967
11. Self-service grocery, January 1968
12. Agency, Trans-Australia Airlines, February 1968
13. Various agencies, since July 1968:
 - Bridgestone Tyres
 - B.A.L.M. Paints
 - Commonwealth-New Guinea Timbers
 - Titan Nails and Wire

Waso Limited exists to serve the interests of its shareholders, the producers of the products it markets, and the customers whose support is so necessary for its continued growth. Its purpose is to contribute to and participate in the development and progress of the community.

From the auditor's report in the same prospectus -

Profits:

The profits of the Company were as follows:

Period	Net profit before tax
21 April 1964 to 30 June 1964	\$1,860
1 July 1964 to 30 June 1965	15,594
1 July 1965 to 30 June 1966	22,192
1 July 1966 to 30 June 1967	4,255
1 July 1967 to 30 June 1968	9,873

The above profits have been arrived at after charging all expenses of working and management, including depreciation and providing for bad and doubtful debts.

The only remuneration paid to Directors was \$60 during the year ended 30 June 1968.

Dividends paid:

The following dividends have been paid by the Company:

Period	Paid up capital	Rate of dividend
12 months ended 30 June 1965	\$11,174	10%
12 months ended 30 June 1966	16,282	10%
12 months ended 30 June 1967	38,752	10%
12 months ended 30 June 1967	43,342	1 - \$2 fully pd share for four shares held
12 months ended 30 June 1968	58,810	5%

Provision has been made in the accounts for the year ended 30 June 1968 for a dividend of five per cent (5%) on paid-up capital of \$61,000 to be declared at the Annual General Meeting for 1968.

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Chapter 2

Indigenous entrepreneurs and their narrow horizon

by T.S. Epstein*

From 1960 to 1966 the Gross Territory Product at factor cost of the monetary sector grew at an average annual rate of 12.5 per cent; the average annual rate of growth of total Gross Territory Product including subsistence output was estimated at 6.2 per cent for the same period. Manufacturing increased at an average annual rate of 16.5 per cent and is expected to continue growing at this rate until 1973. Commerce expanded at the annual rate of 13 per cent from 1960 to 1966 (T.P.N.G. 1968:9). These are quite considerable growth rates which compare favourably with other underdeveloped economies during the early stages of their growth. Kenya's annual average rate of increase in the monetary sector was no more than 7.5 per cent between 1963 and 1966; manufacturing expanded at an average of 11.8 per cent per year (Republic of Kenya 1967:6). However, Kenya is more economically diversified than Papua-New Guinea: agriculture there constitutes no more than about 20 per cent and manufactures 15 per cent of Monetary Gross Product while the appropriate percentages for Papua-New Guinea are 35 per cent and 7 per cent. Tanzania is probably a better field for comparison, though according to the World Bank Mission it already faced a problem of land shortage in 1958 (IBRD 1960:5). Tanzania's Gross Domestic Product, including subsistence output which in 1958 constituted 40 per cent of total product, increased at the average annual rate of 5.6 per cent from 1963-66 (Helleiner 1968:90), as compared with the rate in Papua-New Guinea of 6.2 per cent.

The considerable over-all growth rate in Papua-New Guinea is, however, not altogether reflected in indigenous economic involvement. The indigenous share in economic expansion, particularly in spheres outside agriculture, has been very small and this is expected to continue for many years.

The Five-year Plan for Papua-New Guinea specifically states that one of its aims is to 'Provide employment, training and business opportunities

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for the indigenous people' (T.P.N.G. 1968:45). At present the ownership and management of industrial and wholesale undertakings is almost entirely in the hands of expatriates. There are considerable numbers of indigenously owned trade stores and trucks for which there are no details on annual turnover, but even without this information it is obvious that indigenous participation is only a minor part of over-all economic activities in this sphere. Why do indigenes have such little share in the over-all business expansion? What are the obstacles preventing their greater participation and how can these obstacles be overcome?

I shall attempt to answer these questions and will confine myself to indigenous small enterprises in the service, processing and manufacturing industries. Ventures in agriculture are not included. I begin with an examination of the various types of business opportunities in order to establish those most suitable for immediate indigenous participation. The availability among indigenes of the necessary factors of production is then examined and case studies collected among the Tolai and the Gorokans are used to try to show the difficulties encountered in the establishment and running of businesses. Suggestions are made for increasing the numbers of indigenous entrepreneurs and managers.

Business outlets for indigenes

On the basis of the pattern of Tolai economic growth, I compiled a schema of development for small-scale societies (Epstein 1968:34ff.) starting with a 'transition period' after first contact with the outside world, followed by an 'agricultural investment period' during which the population concentrates its efforts on producing cash crops for the newly established market. This is succeeded by an 'investment trial period' during which enterprising indigenes begin investing some of their resources in service industry, which by its very nature is protected from foreign competition, though it is still exposed to competition from expatriates on the spot. Moreover, only basic training is necessary to conduct such business ventures. Indigenes start operating retail stores, transport facilities and catering establishments, but due to lack of business experience most of their early ventures fail. As soon as they acquire sufficient know-how, they enter the 'tertiary investment period' during which the majority of their business ventures are successful and they continue to expand their activities in the service industries. This pattern of economic development is clearly noticeable in recent Tolai economic history. It has also been found to apply to Gorokan economic growth (Finney 1969) and probably holds good for a great number of similar small-scale societies. Consequently, retailing, transport and catering can be regarded as the first business activities in which indigenes participate.

As the economy of Papua-New Guinea will probably be based on primary industry for a long time to come, the next business outlets to be

examined lie in the sphere of processing of agricultural produce. Different crops have different processing requirements ranging from coconuts, the meat of which can be dried in the sun without the need for any capital outlay, to the costly equipment necessary to process tea. The greater the scale of processing activity required, the less the likelihood of immediate indigenous participation. Yet even large-scale enterprises can be tackled by indigenes. Ownership may be vested in indigenous shareholders who employ an expatriate manager to conduct the business and train indigenous employees. Palnamadaka, the Rabaul furniture factory, is run along these lines (Wilson 1968:26). Another possibility is for the enterprise to be vested in a corporate group, such as a local government council. For instance, the Gazelle Local Government Council successfully operates, with the aid of expert management, the Tolai Cocoa Project, which has assets exceeding \$550,000.

Potential development opportunities

The Five-year Plan lists all production of artefacts, baskets, pottery, mats and such like under the one heading of cottage industry, which implies the production of these articles on a small scale only. However, considering the extent of the world market for New Guinea curios such as masks and other carvings as well as for shell and seed jewellery, it should be possible to set up larger workshops and in some cases even factories to meet the demand. This could be a very profitable avenue for indigenous entrepreneurs.

Similarly, the tourist industry offers considerable opportunities. The plan seems to divide the objectives of its tourism programme into those concerning expatriates and those affecting the indigenous population. It wants to encourage private investment in the provision of accommodation with standards acceptable to tourists, and this largely concerns expatriate funds and management. At the same time it wants to 'provide opportunities for greater indigenous participation through employment and training and the supply of goods and services (T.P.N.G. 1968:75). Indigenes could play a predominant role in the tourist industry by operating travel agencies. Such agencies should be responsible for the reception of tourists at air or sea ports, their hotel and travel bookings, their excursions under the guidance of indigenous travel hosts or hostesses, the display of traditional dancing as well as of the manufacture of artefacts and curios, and the running of refreshment places and ultimately even large hotels.

Because transport ranks among the first priorities in indigenous business ventures, many vehicles already being on the roads, there is a growing need for garages, petrol pumps and motor workshops. Every year technical colleges and apprentice schemes in Papua-New Guinea turn out trained mechanics, many of whom wish to set up independent businesses but lack the know-how.

As a result of the rapid growth of towns there is a considerable demand for new housing, at least part of which could be met by indigenous builders. A number of indigenous builders and building contractors have in fact been operating for some years, but only on a comparatively small scale. Other workshops and small factories such as carpentry, clothing manufacture and services like hairdressing, tailoring and shoe repairs could be set up.

The above is by no means an exhaustive list of business opportunities open to indigenes, although they are, in my opinion, the immediately most promising ones.

Factors of production

There are four separate factors of production: (a) land, (b) labour, (c) capital, and (d) entrepreneurship and management, and their appropriate interaction determines the degree of success of any business venture.

(a) Land. Land for business sites presents little problem to the indigenous entrepreneur and therefore need not be elaborated upon. Except in town centres, where land is held by the Administration and is at a premium, the local entrepreneur often has a distinct advantage over his expatriate competitor as he can establish traditional rights to business sites.

(b) Labour. This involves not only the quantity but also the quality of the work force. There is still a considerable shortage in Papua-New Guinea of men and women with particular skills. As a result, the small entrepreneur who wants to employ trained workmen must compete for their services with the large expatriate firms who can afford to pay higher wages and offer better amenities. Consequently he is at a disadvantage. If, on the other hand, he himself is a skilled man and can run his venture with the aid of some unskilled labour, he is in a much better bargaining position. However, this limits the possibility of his business expansion.

There is thus an urgent need for skilled craftsmen, as well as for clerks, accountants and other trained staff. Even the small trade store owner or truck owner must get some advice on bookkeeping. He has to know if he is making a profit or find out what is causing his losses. Many Tolai entrepreneurs are acutely aware of their lack of accountancy knowledge and try to overcome it by keeping a savings account in the name of their truck or trade store to handle receipts and expenditure of their businesses. Adult education classes in basic bookkeeping techniques and management practices might help to fill this glaring gap in the educational system in Papua-New Guinea. At the same time expatriate wholesalers could be encouraged to take a greater interest in the business of their customers. One of the Goroka suppliers provides two simple but extremely useful services to Goroka store owners.

First, trucks are sent out to pick up store owners in their village, take them to town, and then return them home with their purchases. Second, wholesalers suggest retail prices or provide lists of retail prices calculated to allow a reasonable profit above the cost of stock and operating expenses. The Goroka store owner can therefore almost automatically count on some profit from running a store - provided he keeps his cash receipts, storekeeper and credit allocation under control (Finney 1969:41-2).

The Native Marketing and Supply Service Ltd - or Namasu - founded in 1959 by the Lutheran Mission of New Guinea, provides an even more integrated and efficient service to local retailers. Namasu managers offer technical and managerial help when asked, advise on ordering and pricing, and also provide regular supervision of a simple system of accounts for local traders. Namasu deals with over 700 indigenous operated stores (Fairbairn 1969:49).

Wholesalers and commercial banks can thus act as a stop gap measure to overcome the immediate shortage of trained indigenous managerial and accountancy staff.

(c) Capital. Indigenous capital formation can only come from indigenous savings. Yet the per capita cash income in Papua-New Guinea (\$82 in 1965-66) is still so low that it seems surprising that indigenes, who often have difficulty obtaining loans, do acquire costly assets. How do they raise the necessary funds for investment? First, most of their requirements are satisfied by subsistence output which results in a high savings ratio of cash income; and second, a number of people often purchase an asset jointly. This is an informal process not recognised in New Guinea law. A group of individuals pool their resources to purchase a capital asset. The number of contributors and their individual subscriptions vary greatly. One Goroka truck, costing \$3,000, was bought jointly by 784 individuals from nineteen villages contributing sums ranging from 10 cents to \$484 (Finney 1969:22). In 1960, 40 per cent of the 144 households in Rapitok, a Tolai parish, held shares in one or other of four large trucks and ten jeeps. The size of investment ranged from \$8 to \$3,600: 52 per cent of those who had shares in transport had contributed less than \$100 (Epstein 1968:70). Very few of these jointly acquired assets are run on a wholly 'communal' basis (Finney 1969:22), as in almost all cases there are at least two or three energetic men who want to run the venture.

Initially capital formation was facilitated by the traditional corporate ownership of land which is widespread in Papua-New Guinea: ownership of land is vested in a kin group and managed by its elder or 'big man'. The most enterprising indigenes soon realised that there is a big difference between cultivating land and operating capital assets. To get the most efficient service and the maximum income from a business venture, individual responsibility was required; as a result there is a marked trend towards individual ownership. As it is more

difficult for one individual to accumulate funds to buy a costly asset than it is for a number of people, the move away from corporate ownership leads to an increasing amount of small savings accumulating in banks while at the same time it is responsible for a reduced rate of capital formation unless the necessary credit is made available to budding entrepreneurs. In February 1968 there were 13,757 Tolai savings accounts with deposits amounting to \$668,488 held in the Commonwealth Savings Bank at Rabaul. By February 1969 the numbers had risen to 35,258 and the total amount to \$1,608,132.¹ In 1968 approximately 40 per cent of total Tolai bank savings was deposited with the Commonwealth Bank. Assuming this proportion has remained unchanged, Tolai bank savings now amount to about \$4,000,000, a sum which if channelled into profitable investment could play an important part in economic growth. However, a Tolai is usually reluctant to lend to another Tolai, even if there are no immediate kin ties between them. He fears that the borrower may try to avoid repayment of the loan, let alone interest payment, by manipulating the chain relationship which ultimately links all Tolai. This widespread social network tends to impede intra-Tolai loans and consequently slows down the rate of economic expansion. The indigenous savings and loan societies are an attempt to overcome these intra-tribal suspicions, but so far they have managed to tap only a very small part of total indigenous savings.

Indigenes do not appear to be interested in buying shares in large and well-established concerns such as Burns Philp. Such investment, though comparatively profitable, is too far-removed; the individual shareholder is in no position to see the assets acquired with his money. By contrast, Palnamadaka furniture factory in Rabaul had no trouble in raising \$20,000 share capital from the local people.² This clearly indicates that indigenes prefer to invest their money locally, where they can actually see it working. This point is supported by the fact that almost all local shareholders in Palnamadaka came from nearby coastal settlements. Second, local financiers seem to prefer to put money into more formalised investment outlets such as registered shares, rather than sponsor inter-personal or intra-tribal loans. Over 5,000 New Guineans are now shareholders in Namasu: their share of the total issued capital rose from 37 per cent in 1960 to 53 per cent in 1965 when the value of their shareholding was \$74,316 (Fairbairn 1969:38).

The obvious lesson to be learned from this is to promote the establishment of more dispersed enterprises operating as public limited companies, preferably registered under simplified company legislation.³ Such ventures could tap local savings and by efficient management, expatriate if necessary, yield considerable dividends as well as provide training and employment for local people.

¹ Letter from bank manager dated 23.1.69.

² See p.6.

³ See p.43.

The large amount of Tolai bank savings is not only a function of their thriftiness but also of the dearth of attractive investment opportunities. The local demand for retail stores and transport facilities is almost saturated. In 1968 the Tolai population of about 60,000 had 512 registered motor vehicles; thus there were no more than 120 individuals per car, which means that many cars were underemployed, and consequently were not profitable enterprises. Similarly, there is an over-supply of trucks for the limited Goroka trade (Finney 1969:47). Finney (1968:395) aptly refers to the newly wealthy Gorokans as being 'conspicuous investors'. There is a growing amount of evidence for the South Pacific region as a whole to show that as household income rises income elasticities¹ for most classes of goods and services fall and the marginal propensity to save rises substantially (Blyth 1969:354). Indigenes are not only 'conspicuous investors': they are also 'conspicuous savers'. These traits in New Guinea societies are obviously conducive to the accumulation of capital and hence to self-generating economic growth.

(d) Entrepreneurship and management. This was a separate factor of production in pre-contact days. Traditional New Guinea societies attach a high value to personal achievement, which is symbolised in their 'big man'. Achievement is measured according to different criteria, but in most cases the dominant one is the level of accumulated assets. It is the ramification of this economic orientation which is the crucial factor in the development of modern indigenous businessmen. Indigenes have been more interested in emulating European economic activities than their consumption pattern (Finney 1969:17). They were quick to seize on those small-scale entrepreneurial activities which did not require specific skills for their execution (e.g. trade stores, trucks, copra drying and so on) and activities for which local demand could be estimated. Once this demand is saturated, which is fast approaching in the more advanced parts of Papua-New Guinea, indigenous capital formation begins to stagnate, while savings continue to increase (as among the Tolais). This stagnation is not due to lack of people who would like to be entrepreneurs: 45 per cent of 287 trainees interviewed at two technical training institutions in Port Moresby indicated that they were keen to start their own businesses after they qualified. Most of them intended to operate in their own home region rather than in Port Moresby. Moreover, only two of the 287 interviewed based their aspirations on promotion within industrial, governmental or commercial organisations. One possible implication is that respondents saw advancement within the European dominated organisations which employed

¹ 'Income elasticity' is defined as the responsiveness of demand to changes in income; i.e. $\frac{\text{percentage change in quantity demanded}}{\text{percentage change in income}}$ (Lipsey 1967:118).

them as more limited than advancement through their own entrepreneurial activity.¹

As yet there are very few indigenously owned and operated workshops in Papua-New Guinea. This is probably the result of lack of business know-how on the part of skilled craftsmen. Trading estates may help overcome this difficulty. In Kenya such trading estates were set up specifically to house small industrial establishments owned and run by African entrepreneurs. An integral part of the estates is a technical centre, which provides workshop facilities and technical assistance as well as market study reports. These services are manned by experts from abroad while local officers are being trained to perform such functions (Republic of Kenya 1968:80).

Few Papuans and New Guineans have travelled outside their immediate home area. Fewer still have had the opportunity to visit Australia and not more than a handful have been to any other part of the world. Their business ventures are therefore home-orientated. They are hardly aware of the state of demand outside their immediate home area. They have little idea about possible export markets, nor do they know enough about manufacturing ventures to be prepared to take the risk and start producing import substitutes. It is this lack of a wider vision which I regard as the major obstacle to the diversification of entrepreneurial activities among Papuans and New Guineans.

Studies which I conducted in 1968 at Rabaul and Koki markets clearly indicate the great need for improvement in the intra-territorial system of distribution. The average price of areca nuts per pound is 3 cents at Rabaul market and 15 cents at Koki; sweet potatoes are about 1 cent per pound at Rabaul and 6 cents at Koki and similar price discrepancies exist for most of the other items sold at these two major markets. Tolai living in Port Moresby have repeatedly told me that the quality of produce sold at Koki is often inferior to that at Rabaul market. Moreover, about 30 per cent of betel nuts and as much as 40 per cent of sweet potatoes brought for sale at Rabaul market remain unsold at the end of the day. By contrast, at Koki market I have watched large quantities of sweet potatoes being sold within one hour, and there is keen competition to purchase the produce. At Rabaul market there is a surplus supply with consequently much lower prices: at Koki the volume of demand far exceeds supply and prices are consequently much higher.

This situation calls for more efficient intra-territorial marketing. Some Chinese traders, realising the business opportunities in Rabaul, buy areca nuts at the market and sell them at considerably higher prices in their stores when the market is closed. They also export areca nuts from Rabaul for resale in trade stores in other parts of Papua-New

¹ Alan Rew, work-in-progress report of business aspirations of a sample of technical trainees.

Guinea. However, as expatriate retailing is not geared to selling under present market-place conditions, this sphere of activity remains the prerogative of Papuans and New Guineans. It could be a profitable enterprise; individuals or corporate groups such as local government councils or co-operatives could act as wholesale distributing agents for locally grown produce. Such commercial ventures would no doubt involve a lot of organisation and efficient management: collection of supplies would have to be arranged according to target dates, and transport and retail outlets secured. However, an improved system of intra-territorial marketing would not only increase incomes of producers in food surplus areas, but would also reduce prices in the expanding urban centres and thereby lower the urban cost of living.

During my market surveys I had a number of ideas for possible diversification of indigenous economic activities, e.g. the production of curry powder and ground ginger; the pickling of cucumbers; the canning or freezing of fruit, vegetables and fish; the exporting of shell and seed jewellery; the setting up of refreshment places selling plates of locally prepared food and so on. I do not claim to have any expert entrepreneurial skills; these new opportunities occurred to me simply because I was able to match experience of demand patterns and prices in other countries with my knowledge of local supply potential and its costs. Indigenes have as yet too narrow an economic horizon to be able to think of some of these possible business outlets, and they cannot gauge the risk involved. Even if they have ideas on new ventures, very few of them would know how to implement them. At present there is a dearth of indigenous entrepreneurs with a wider vision as well as of men capable of managing businesses. This has led some expatriate economists to conclude that in the years immediately ahead the economic expansion of Papua-New Guinea depends almost entirely on expatriate activities, at least in the non-rural sector (T.P.N.G. 1968:47).

Papua-New Guinea is by no means unique in its shortage of capable indigenous entrepreneurs and managers. This is a phenomenon widespread in the underdeveloped parts of the world. The Administration, realising the need to stimulate indigenous entrepreneurs, set up a Business Advisory Service. However, the number and qualifications of business advisers appointed so far have not been sufficient to meet the challenge they are expected to face. In fact, there is an urgent need for a fully integrated programme of management training on a large scale. Such a scheme should involve the employment of many more and better qualified business advisers. Volunteers from abroad such as members of the Peace Corps or church organisations, as well as experts from the United Nations could be called upon to help in this emergency.

Secondly, large-scale management training facilities, both theoretical and practical, should be made available to indigenes. Firms should be asked to offer managerial training to indigenes; at the same time business colleges should be started to provide courses for adults and for those high school leavers who do not wish, or do not qualify, to attend

university. (A university degree is by no means a necessary prerequisite to any entrepreneurial or managerial activity.) Such colleges might be organised along the lines of the Industrial Training Institute at Nakuru, Kenya, which was set up with Japanese assistance to impart industrial knowledge and expertise to African businessmen (Republic of Kenya 1967:58). The Lutheran mission of New Guinea has been most enterprising in the sphere of business training; it operates a commercial college near Lae in conjunction with Namasu which provides on-the-job training facilities (Fairbairn 1969:25). Many more such ventures would be helpful in overcoming the lack of trained indigenous managers or accountants.

Finally, more and more Papuans and New Guineans should be sent abroad to train in Australian, American, British, Japanese, Malayan, Hong Kong and other business establishments. This could be the most important managerial teaching method to be used. Such personal experience of business life outside Papua-New Guinea constitutes an important precondition for the further expansion of indigenous enterprise and management.

Many New Guineans who have never left their home area are not aware of the importance of punctuality. This appears to be a fairly general phenomenon in rural society. The lack of time-consciousness is reflected in their business dealings where they attach very little importance to keeping to agreed dates. Industrial economic activity, however, is geared to time in its minutest element; supply dates and times have to be met.

In my attempts to promote Tolai economic growth I managed to secure orders and advance payments at ruling retail prices in Rabaul for two lots of ten seed necklaces and for fifty necklaces and bracelets. I placed these orders in September 1968 and stressed that it was essential that the goods be sent by air so that they reach the Australian customers before Christmas. I sent the appropriate amounts, including freight expenses, to the suppliers: one a prominent Tolai politician, another an enterprising young Tolai trade store keeper, while the larger order was given to the European women's welfare officer in Rabaul to try through her to encourage Tolai women to produce more of this type of jewellery for export. These three people had each assured me, when I discussed the question of export orders with them in Rabaul, that orders would be executed promptly as required. Yet I am still waiting to receive the articles from the Tolai suppliers; the welfare officer did execute part of the order - she refunded some of the advance payment - but the parcel arrived in Australia at the end of December, and was, therefore, much too late for the Christmas market. This is the sort of case which expatriate businessmen relate over and over again and which discourages them from making contracts with indigenous suppliers. It throws into relief the urgent need for efficient management training for New Guineans.

This, however, does not imply that indigenous participation in industrial expansion in Papua-New Guinea must necessarily wait until indigenes

themselves can start, as well as successfully manage, businesses. There is always the possibility that indigenes can subscribe capital to small and medium sized ventures and employ expert expatriates to run them, while indigenous understudies train to take over full responsibility. This seems to be the general pattern in many of the newly independent African states. It is attractive because it offers possibilities to indigenes for immediate participation in industrial expansion, while at the same time providing training for future managers. However, the longer range need of widening the horizon of potential indigenous entrepreneurs should not be overlooked.

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Chapter 3

Legal structure and indigenous business enterprise: the need for change

by G. Nash*

Introduction

Over seven years ago Kwame Nkrumah, the then leader of Pan-Africanism, pointed out (1962:104) that African law 'must embody our traditional social attitudes of communal endeavour, of a classless society and of mutual self help so as to avoid the narrow interpretation of man's duties to the community and the state, found so often in Western law'. This may have been demagoguery, but the truth of his statement remains. Law must be adapted to the needs of the community which it serves. The recommendations of the International Bank for Reconstruction and Development and the recently announced Five-year Plan stress the need for economic development in Papua-New Guinea, but there is little point in developing the economy unless the country possesses a legal system adequate to maintain such development. Business law particularly must take account of the customs and needs of the people.

Legislation in Papua-New Guinea contemplates the sole trader, the partnership, the registered company and the co-operative. In addition, the Associations Incorporation Ordinance 1966-1968 permits the granting of corporate legal personality to associations formed for the purpose of providing recreation or amusement, or of promoting commerce, industry, art, science, religion, charity, pension or superannuation schemes or other objects useful to the community. This Ordinance appears to permit a business organisation to be incorporated under it. However, the Ordinance also provides that an association registered under it must use its profit and income to promote the association's objects and must not pay any dividend or make any payment in the nature of a dividend to its members. This means that, although the Office of the Registrar of Companies may take a liberal view of what associations come within its ambit, the Ordinance cannot be used by an ordinary business enterprise to obtain incorporation.

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There are no registration requirements for sole traders or partnerships; but section 14 (3) of the Companies Ordinance 1963-1968 provides that an association or partnership consisting of more than twenty persons formed for the purpose of carrying on any business 'which has for its object the acquisition of gain by the association or partnership or the individual members thereof' is illegal unless incorporated under that Ordinance or formed pursuant to some other ordinance or letters patent. This means that a profit-making partnership or an association formed for the acquisition of gain is limited in number to a maximum of twenty. Any group enterprise carried on for profit by more than twenty members and which does not wish to become a co-operative is compelled to register under the Companies Ordinance, the provisions of which in no way take account of the specific needs of Papua-New Guinea.

Co-operative societies serve a particular purpose at a certain stage of development, but indigenous group enterprise should not be limited to this form of activity. Moreover, many indigenous businessmen seem reluctant to take part in the co-operative movement. At present the commercial law of Papua-New Guinea is basically that of Australia and the law does not advert to the need for the development of indigenous business institutions based on the mores and customary business enterprise of the indigenous community (Mead 1967:5).

The Australian situation

Adherence to the Australian pattern of partnership and companies legislation would not be so surprising if it were not that in Australia itself there is considerable dissatisfaction with the current content and operation of the uniform Companies Acts. The present statutory provisions evolved from ad hoc legislation of the eighteenth and nineteenth centuries without any real thought being given to the juristic premise upon which the concept of corporate personality rested. The product of this piecemeal legislation, combined with the pragmatic approach of the common law courts, has resulted in legislative provisions only partially suited to the needs of Australian business enterprise. They are even less relevant to the encouragement of indigenous group enterprise in Papua-New Guinea.

Company law and the corporation as it exists today both have their origins in the field of administrative law. The original purposes of incorporation were regulative and monopolistic rather than strictly commercial. As I have pointed out elsewhere (Nash 1967:143) regarding Australia, it is time we considered the distinct characters of the small business enterprise in corporate form and the large industrial trading or financial corporation which wields economic and quasi-political power. They merit different treatment.

English law has not evolved a satisfactory juristic theory of corporations.... The State is now endeavouring to lay down

detailed rules of conduct for corporations. To date the prevailing view appears to be that it is too late to approach such issues on the basis of the implementation of fundamentally new juristic principles in order that there should, for example, be allowed to exist only certain types of group personalities. The recently enacted and proposed legislative amendments stem primarily from the refinement and elaboration of existing basic theories.

(Campbell 1967:349)

The limited liability company has adapted to the needs of modern business extremely well in England, Australia and the United States in a business and economic, if not in a legal, sense. It emphasises, however, that corporation law is the product of a particular community at a particular point in history. It is probable that the future development of corporation law in Australia, the United Kingdom and the United States will be based on the nature and function of the business enterprises which currently operate in those countries. In all, the 'depersonalised and institutionalised large corporation' has become a major factor in the national economy and society.

In large companies there is a great division between shareholders, directors and management. The shareholders contribute the capital and receive either in capital growth or in dividends the net profits from year to year; the directors make policy decisions, determine distribution of dividends and collect fees for their expert advice and responsibility; management makes day-to-day decisions in the light of the directors' policy directives, and in fact controls the running of the company. The shareholder is merely an investor. The detailed regulations controlling company operations in Australia are based primarily on this division between shareholders and control of the company. In Papua-New Guinea there are corporations of this kind and laws should exist appropriate to their needs. Indigenous business enterprises are very different, and laws which are inappropriate to the needs of large quasi-partnerships in Australia are even less suited to indigenous business. A major factor in the latter's growth is the development of small viable enterprises.

Business in Papua-New Guinea is not developing in the laissez faire context, nor will it go through the evolutionary stages which history imposed on corporations in Australia and the United Kingdom. The needs of indigenous business enterprise are different; its history is different from Australia's. It is emerging into an era of social control of economic power. It is financed differently and it seems that the indigenous businessman has a different picture of his relationship to the community which he serves (or exploits). Yet in Papua-New Guinea there exists without modification the superimposed English and Australian concept of the corporation which is not understood by the majority of the inhabitants, and which in my view has little relevance in terms of juristic concept to the needs of the country. Why must the group person

in Papua-New Guinea necessarily take the form of the logically irrelevant corporation whose form and juristic basis depend primarily on accidents of English legal history?

Those who argue against modifying or rethinking the Australian pattern of legislation for Papua-New Guinea stress the need for such legislation to protect investors in business ventures. They argue that if protection is needed in Australia where management is more skilled and shareholders more aware of their rights, then it is doubly needed in Papua-New Guinea because of lack of skill in management and absence of sophistication in those who contribute money to the enterprise. However, in Australia the legislation has not always provided a protection for the investor. Many of the provisions in the uniform Companies Acts derive from piecemeal amendments seeking to fill gaps exploited by the unscrupulous and to create controls needed by the incompetent; these amendments have not always fulfilled their purpose. The efficacy of the provisions of the Companies Acts depends upon the skill of management, the alertness of auditors and the promptness of the law. Only to a very minor extent is the diligence of shareholders relevant. It appears that companies legislation in practice more often acts to punish incompetence, negligence and dishonesty than to protect the shareholders. To those who still retain faith in the certainty of the Companies Acts' protection, despite the crashes relating to Reid Murray, the Korman group, H.G. Palmer and others, I would ask: To whom does the auditor report? Who employs the auditor? What do shareholders know of the internal workings of the company? Who ensures that the directors are both competent and conscientious? The law does not prevent directors from being incompetent or dishonest; it may act as a deterrent to individual directors. Further, many of the 'protections' of the legislation do not apply to the exempt proprietary company,¹ although such a company still falls within the general scope of the Companies Acts.

There is considerable dispute today on whether the exempt proprietary company has become an anomaly.² It is really an extended partnership which has been given the privilege of limited liability even though there need not be, and in practice often is not, any separation between management and investor. But for its limited liability, there would be no more public interest in it than there is in any other partnership. It exists primarily as a device for separating out risk capital and, in its present form has little to commend its continued existence in

¹ Loosely defined as a company with less than fifty shareholders, the shares of which are not freely transferable, which does not offer its shares to the public, and in whose shares no beneficial interest is held directly or indirectly by a public company.

² See, for example, Campbell (1967), Nash (1967) and Gower (1962).

Australia. It may, however, have an important role to play in a developing country.

The problem in Papua-New Guinea

It is probable that if indigenous business enterprises develop in Papua-New Guinea on a large scale it will be through some form of group entity with a widespread shareholding. For some time neither shareholders nor management will be fully conversant with standard accounting practice nor with the lawyers' concept of the corporation. Hence, we should carefully consider what modifications to our predetermined ideas are necessary to foster the growth of such business enterprise. It must be remembered that provisions which aim to give protection to a shareholder in Australia do not necessarily give the same protection to a villager whose ties and relationship with management are more complex and quite different from those which exist between the Australian shareholder and management.

It is clear that the various indigenous communities in the Territory had established an equilibrium of community living that in each case made up a very complex whole. Usually the basic structure turned upon land use. But personal relations, marriage, inheritance, status, economics and the influence and awareness of the supernatural were all intertwined. If one of those aspects of community life is interfered with, all are disturbed.

(Derham 1963:498)

This balance has already been interfered with quite drastically. But we should not ignore the existing ties and the social patterns which have emerged with the growth of a cash economy and the development of entrepreneurial skills. These should be considered before assuming the appropriateness of legislation which has been developed elsewhere. Of what value is it to a shareholder to know that the accounts of the company are being kept correctly and that conventional accounting practices are being used when the balance sheet and profit and loss account are meaningless to him, and when accounting practice does not take into account the quite distinct problems of a developing country? How does the average New Guinean shareholder evaluate a directors' statement under section 162 (6d) of the Companies Ordinance 1963-1968 that certain current assets, if sold, would not realise their book value? Does the average Namasu shareholder appreciate the historical methods adopted for calculating the company's balance sheet?

Margaret Mead (1967:7) stresses the folly of lowering standards because of lack of education. She points out that unsystematic relaxations with regard to measurement, time, form-filling and the like are dangerous, in that the 'imported system which should provide a model of precision and form becomes a muddled, relaxed, inefficient mockery of the complex modern system from which it derives'. However, this

criticism hardly applies to a systematic attempt to adapt legislative patterns to the business needs of the community. There is an indigenous approach to corporate development, to business responsibilities and to distribution of profits. It should not be rejected without considering how it works in the village environment. Both Mead (1967:5-6) and Finney (1969:10, 27-8) have adverted to these forms based on traditional obligation patterns and Finney has shown the way in which business in the Goroka area has stemmed from, or found its sources in, traditional group activity.

Origins of indigenous group enterprise

So far the financing of indigenous business has been primarily a family affair. Finney points out (1969:21) that in Goroka, although personal accumulation of savings is important:

accumulation must be combined with a method of drawing together the capital of many individuals. The method used by Gorokans is known as 'pooling money' (bungem mani). It is an informal process, unrecognised in New Guinea law,¹ by which a group of persons, varying from a few to several hundred, pool their savings for the purchase of a vehicle, the construction and stocking of a trade store or the initiation of some other enterprise.

Finney (1969:22) refers to one case where 784 individuals from nineteen villages contributed, in sums ranging from 10 cents to \$484, slightly over \$3,000 for the purchase of a truck. It is the pooling of resources that enables the creation of the business. This is often the only source of finance readily available as per capita incomes are low.

From what To Robert said (1967:29) at the First Waigani Seminar, it seems probable that the Gazelle Peninsula is atypical of Papua-New Guinea in that there has been there a large growth of individual wealth which has enabled individuals to go into business without calling for community assistance. Elsewhere business enterprises are financed by money from a group whether it be clan, village or family. Often the contributing members of the group will number more than twenty. Enterprises are conducted in the areas of produce marketing, consumer retailing, trucking and provision of small boat and canoe services which are essential to commercial life.

Few of these group enterprises are incorporated under the Companies Ordinance. They do not qualify for incorporation under the Associations Incorporation Ordinance nor are they co-operatives. If they are partnerships or associations formed for the purpose of carrying on business with the object of gain, they are, where their members exceed twenty, illegal

¹ Emphasis added.

unless incorporated. The basic difficulty is to determine the relationship between the contributors and the business. So far there has been no real legalistic analysis of the nature of the obligations created by the contribution of money by the extended family or other groups. The group businesses themselves often appear to be motivated by questions of prestige or personal convenience (e.g. in the owning of a truck or the availability of transport) rather than a desire for profit. A village meeting may decide to buy a truck and one person may be given the task of collecting the required money. The amounts collected from individuals may or may not be recorded. Usually receipts will not be issued and in most cases it will be almost impossible to reconcile any records kept with the money actually collected. In other cases a group meeting may decide (or a self-appointed leader may persuade the family, clan, village or linguistic group) that money should be collected for 'business'. The exact ambit of the business will be left undefined and one man will tend to assume control and determine the way in which it develops.

After the money is collected the business leader appears to take control of the operation and to use the money at his discretion, without being concerned to pay interest, dividends or a share of the profits to the contributors. Nor, it seems, do contributors necessarily expect any Western-type return on their investment. They may be content to ride free on the truck which has been purchased, to gain prestige from part 'ownership' of the store, the tractor or the sawmill, or to receive a hand-out from the businessman when in need. The businessman - or management - recognises his obligations to the contributors. In many cases the relationship savours of paternalism and is reminiscent of the feudal era. As one business leader told Finney (1969:28): 'When these people are in need I give them some money because they helped me with coffee. Alright, now I help them well - by buying some food when they are short, by buying meat, buying rice, and by giving pigs at a feast.'

Although the contributors do not normally take part in running the business they clearly consider they have some sort of proprietary interest in the assets purchased, even if not in the business itself. The contribution does not appear to be a loan in that it does not seem to be repayable by the businessman if the business is discontinued. If, for example, a truck which forms the main asset of a business depreciates to the stage of being written off and the business leader replaces it out of his own pocket or out of the profits of the business, the contributors appear to have the same rights in relation to the new truck as they had in relation to its predecessor. It does not appear to be an investment of capital as the privileges claimed by the contributors do not necessarily vary with the profits of the business or the amount of their individual contributions. Finney (1969:32) suggests that the contributors may in some sense regard the business and its assets as theirs. He refers to one Gorokan business leader who considered it essential to play down his personal role in his business holdings, and

who was careful to provide services when required. This man said that the business assets did not really belong to him and that he was really the manager of the business and the assets it controlled. He indicated that to adopt any other attitude would create resentment in those who had contributed funds to start the business.

Does this relationship (whatever it may be) infringe section 14 (3) of the Companies Ordinance? Does it constitute a partnership or association as seen by that section? In my view, the parties do not intend a partnership relationship as known in English law. This does not mean, however, that they have not created such a relationship.

Are indigenous group enterprises illegal?

The Partnership Ordinance 1951 section 6 defines partnership as 'the relation which subsists between persons carrying on a business in common with a view of profit' but does not include the relationship between the members of a registered company or of a company or association 'formed or incorporated by or in pursuance of any other Ordinance, Act of Parliament or letters patent or Royal Charter'. The indigenous businesses referred to do not fall within either of the express exceptions in the section. Are the contributors carrying on a business in common with a view of profit? Business has a very wide meaning and I do not think it can be argued that the activities carried on do not fall within its ambit.¹ But it is questionable whether business is being carried on by the contributors who appear to do no more than pay their contribution

¹ Of the word 'business' Sir George Jessel M.R. said in Smith v. Anderson (1880) 15 Ch. D. 247:258-9: 'Now "business" itself is a word of large and indefinite import. I have before me the last edition of Johnson's Dictionary, edited by Dr Latham, and there the first meaning given of it is, "Employment, transaction of affairs"; the second, "an affair"; the third, "subject of business, affair, or object which engages the care". Then there are some other meanings and the sixth is, "something to be transacted". The seventh is, "something required to be done". Then taking the last edition of the Imperial Dictionary, which is a very good dictionary, we find it a little more definite, but with a remark which is worth reading: "Business, employment; that which occupies the time and attention and labour of men for the purpose of profit or improvement". That is to say, anything which occupies the time and attention and labour of a man for the purpose of profit is business. It is a word of extensive use and indefinite signification. Then, "Business is a particular occupation, as agriculture, trade, mechanics, art, or profession, and when used in connection with particular employments it admits of the plural that is, businesses". Therefore, the Legislature could not well have used a larger word.'

and leave the conduct of the business to 'management'. This does not necessarily prevent them being partners. The normal 'sleeping' partner may do no more than this, for according to Lord Wensleydale (Cox v. Hickman (1860) 8 H.L.C. 268:312-13):

A man who allows another to carry on trade, whether in his own name or not, to buy and sell, and to pay over all the profits to him, is undoubtedly the principal, and the person so employed is the agent, and the principal is liable for the agent's contracts in the course of his employment. So if two or more agree that they should carry on a trade, and share the profits of it, each is a principal and each is an agent for the other, and each is bound by the other's contract in carrying on the trade, as much as a single principal would be by the act of an agent, who was to give the whole of the profits to his employer.

The Partnership Ordinance 1951 section 7 provides that:

In determining whether a partnership does or does not exist, regard shall be had to the following rules:

- (1) joint tenancy, tenancy in common, joint property, common property or part ownership does not of itself create a partnership as to anything held or owned jointly or in common, whether the tenants or owners do or do not share any profits made by the use thereof;
- (2) the sharing of gross returns does not of itself create a partnership, whether the persons sharing such returns have or have not a joint or common right or interest in any property from which or from the use of which the returns are derived;
- (3) the receipt by a person of a share of the profits of a business is prima facie evidence that he is a partner in the business, but the receipt of such a share, or of a payment contingent on or varying with the profits of a business, does not of itself make him a partner in the business....

The section then states a number of circumstances in which receipt of a share of the profits does not in itself make a person a partner. This provision defines partnership in a purely negative way and leaves many questions unanswered. This applies particularly to sub-section 3 which is, in the absence of abnormally sophisticated reasoning, inherently self-contradictory, although its precise terms are explicable. However, the courts have insisted that the basic criterion for the existence of a partnership is whether or not the alleged partners are acting on each other's behalf.¹

¹ See Scamell (1962:79) and Higgins (1963:67).

However, the Partnership Ordinance, section 9, provides that:

Every partner is an agent of the firm and his other partners for the purpose of the business of the partnership; and the acts of every partner who does any act for carrying on in the usual way business of the kind carried on by the firm of which he is a member bind the firm and his partners, unless the partner so acting has in fact no authority to act for the firm in the particular matter, and the person with whom he is dealing either knows that he has no authority or does not know or believe him to be a partner.

Hence partners are agents for each other. Which comes first, the agency as a test of partnership or the partnership as proof of agency? In most Papuan and New Guinean cases it is almost certain that no agency is intended. Although the relationship intended is clearly outside any of the categories with which Anglo-Australian law is familiar, the insistence on imposing Western juristic norms on traditional society makes it much more difficult to decide whether any agency in fact exists between contributors and management. With some hesitation and on insufficient information, it is my conclusion that no agency exists and hence no partnership. Even if this tentative conclusion is wrong, many business ventures which are begun for prestige reasons or for convenience may not qualify as businesses carried on 'with a view of profit'.

Section 14 (3) still applies to a group enterprise even though it is not a partnership. The section not only forbids partnerships of more than twenty persons, it also forbids associations exceeding that number 'formed for...the acquisition of gain'. 'Gain' is a much wider term than 'profits' and 'association' a much looser one than 'partnership'.

Gain is something obtained or acquired. It is not limited to pecuniary gain. We should have to add the word 'pecuniary' so to limit it. And still less is it limited to commercial profits.... Commercial profits, no doubt, are gain, but I cannot find anything limiting gain simply to a commercial profit.

(Sir George Jessel, M.R. in In re Arthur Average Association for British Foreign and Colonial Ships (1875) 10 Ch. App. 542:546-7)

It appears that all the business ventures with which we are concerned operate for gain. In my view they are probably associations and fall within the meaning of section 14 (3). This view is not a firm one because what constitutes an 'association' is not at all clear.

In Smith v. Anderson, Brett L.J. had

some difficulty in seeing how there could be an association for the purpose of carrying on a business which would be neither a company nor a partnership.... But according to all ordinary rules of construction, if the association mentioned in sect. 4

is not, strictly speaking, a company or a partnership, it must be something of a similar kind.

(Smith v. Anderson (1880) 15 Ch.D. 247:277)

Cotton L.J. (Smith v. Anderson (1880) 15 Ch. D. 247:282), in the same case felt that if the term 'association' was intended to mean something other than a company or a partnership 'it must denote something where the associates are in the nature of partners'. James L.J. took the terms 'company' and 'association' to be synonymous. He said that it was

the result of an arrangement by which parties intend to form a partnership which is constantly changing, a partnership today consisting of certain members and tomorrow consisting of some only of those members along with others who have come in, so that there will be a constant shifting of the partnership....

(Smith v. Anderson (1880) 15 Ch. D. 247:273-4)

Later cases indicate that the major differences between a partnership and an association are that one exists for profit and the other for gain and that membership of an association need not be stable. There must be mutual rights and obligations among the socii (the members of the association). But whether these mutual rights and obligations need necessarily be of exactly the same kind as the rights and obligations of partners is more doubtful.¹

I think mutual rights and obligations are created by the contributors to the type of business enterprise under discussion, if not directly, then 'by joining in, and becoming privy to, a common project',² even without direct communication. I consider (again without sufficient information) that the rights and obligations so created probably constitute the contributors and management of an association. For these reasons I believe that many Papuan and New Guinean group enterprises are probably illegal associations forbidden by section 14 (3) of the Companies Ordinance. It has been argued that the business groups are not associations 'formed for...the acquisition of gain' because their existence as a group precedes the making of any decision to carry on business or to acquire gain or profit. At present there is some basis for doubting this factual premise. Even if it were correct I do not consider that it would lead to the legal conclusion suggested.

¹ See In re Commonwealth Homes & Investment Co. [1943] S.A.S.R. 211; In re The Tasmanian Forests and Milling Co. Pty. Ltd. [1932] 27 Tas. L.R. 15; Nash (1965-66:169 ff.)

² See Mayo J. in In re Commonwealth Homes & Investment Co. [1943] S.A.S.R. 211. See also Clarke v. Earl of Dunraven [1897] A.C. 59.

Recognition of indigenous custom

In Papua-New Guinea there is specific provision for the customs of the indigenous inhabitants to be taken into account and enforced by the courts. This provision is contained in the Native Customs Recognition Ordinance 1963, under which, in section 4, native custom is defined as 'the custom or usage of the aboriginal inhabitants of the Territory obtaining in relation to the matter in question at the time when and place in relation to which that question arises, regardless of whether or not that custom or usage has obtained from time immemorial'. There is thus no bar, arising out of the novelty of indigenous business enterprises financed by group contributions, which would prevent the relationship created between management and contributors being recognised as a native custom.

But section 6 of the Ordinance provides that 'Subject to this Ordinance native custom shall be recognized and enforced by, and may be pleaded in, all courts', and then lists a number of exceptions to this general permission. One exception arises where custom 'is inconsistent with an Act, Ordinance or subordinate enactment in force in the Territory or a part of the Territory'. If my conclusion that indigenous group enterprises infringe section 14 (3) of the Companies Ordinance is right, then section 6 of the Native Customs Recognition Ordinance prevents the courts from giving legal recognition either to the relationship between contributors and management, or to the nature of the groups themselves as quasi-corporations according to custom. Even if the groups are not 'associations formed for...the acquisition of gain', there is still difficulty in recognising them under this Ordinance. Section 6 is expressly stated to be subject to this Ordinance and section 8 specifically states that in non-criminal matters native custom shall not be taken into account except in relation to:

- (a) the ownership by native custom of or of rights in, over or in connexion with native land or any thing therein or thereon or the produce thereof, including rights of hunting or gathering;
- (b) the ownership by native custom of or of rights in, over or in connexion with the sea or a reef, or in or on the bed of the sea or of a river or lake, including rights of fishing;
- (c) the ownership by native custom of or of rights in, over or to water;
- (d) the devolution of native land or of rights in, over or in connexion with native land, whether on the death or on the birth of a person, or on the happening of a certain event;
- (e) trespass by animals;
- (f) marriage, divorce or the right to the custody or guardianship of infants, in a case arising out of or in connexion with a marriage entered into in accordance with native custom;

- (g) a transaction which the parties intended should be, or which justice requires should be, regulated wholly or partly by native custom and not by law;
- (h) the reasonableness or otherwise of an act, default or omission by a person; or
- (i) the existence of a state of mind of a person, or where the court considers that by not taking the custom into account injustice will or may be done to a person.

(Native Customs Recognition Ordinance 1963, section 8)

If the group owns or claims rights of the kind referred to in the first five categories, then the nature of the group and the inter-relationship of the members could be taken into account under section 8 (subject always to the probable conflict with section 14 (3) already referred to). Otherwise only category (g) and the general catch-all clause at the end of the section could be called in aid.

There seems little reason to doubt that the relationship between contributors and management ought (by the intention of the parties and the requirements of justice) to be classified as a transaction 'regulated wholly or partly by native custom'. The same arguments do not apply to transactions between the group and outsiders. They would not, for example, compel recognition of the juristic nature of the group as a matter of custom, nor would transactions for the financing of the group business by banks or finance companies be governed by customary rules. Although injustice may be done if custom is not taken into account between the members of the group, there is in my opinion, no injustice in not taking it into account in relations with non-group members. I believe that even if a native custom does exist in relation to these group enterprises, the custom must be ignored because it infringes the provisions of the Companies Ordinance. Even if I am wrong, the custom would only be effective in defining the rights and duties of management and contributors inter se and not for any other purpose.

Possible solutions

(a) Registration under the Companies Ordinance. Compliance with the formal requirements of the companies legislation is probably beyond the capacity of much indigenous management, particularly where there are over fifty contributors and the company must be registered as, and comply with the provisions relating to, a public company. A partial remedy might be to extend the definition of an exempt proprietary company to encompass these group enterprises. This would make it easier for management to comply with the statutory requirements, but would not solve the basic problems. It would merely emphasise the piecemeal approach of the legislature in this area and underline the anomalous nature of the exempt proprietary company.

The protections of the current companies legislation are not geared to the needs of Papua-New Guinea and the quite different relationship

which exists between contributor and management in indigenous group enterprise. They do not recognise the types of obligation which the contributors and management seek to create, nor do they take account of the different social context in which management operates.

(b) Abolition of the limitation on partnership numbers. The limitation on the number of partners or socii permitted by law in section 14 (3) of the Companies Ordinance goes back to 1844. One of the objects underlying the enactment of the Joint Stock Companies Act of that year was to cut down the growth of the Deed of Settlement Companies. These were large partnerships which tried, without Act of Parliament or Charter, to obtain as many of the advantages of incorporation as possible. The 1844 Act prohibited these large unincorporated companies and for the first time permitted incorporation by registration, thus removing one of the major barriers to incorporation, the need to obtain a Charter or Act of Parliament. Schmitthoff and Curry (1959:7) point out that without this legislation 'the future development of companies would have been an evolution of the unincorporated company, with its cumbersome constitution, its confused legal status and the great disadvantage of merely contractual limitation of liability of its members'.

If there was no limitation on the size of 'partnerships' or 'associations' to which section 14 (3) applies in Papua-New Guinea, similar confusion would probably exist. Elaborate schemes would be evolved in relation to the rights of the members inter se and their liability to creditors; and general uncertainty about the legal rights and duties created would follow. The legislature would be faced with the problem of whether the same legislation should apply to expatriate and indigenous partnerships. If no limitation was placed on the numbers permitted in any partnership, then all the provisions of the Companies Ordinance could be easily avoided. The possibilities for exploiting the public and defrauding creditors which this would create are fairly obvious. Finally, in the absence of complicated documentation, the legal relationship between contributors and management might not reflect their intention. If they are partners today it seems to be despite, rather than because of, their intentions. To remove the limitation on partnership or association numbers would not rectify this; it would not necessarily enable the intended rights and obligations of contributors and management to be enforced.¹

(c) Trustee partnerships. Nash (1965-66) discussed the question of trustee partnerships and how this device may be used to avoid the legal

¹ Although Gower (1962:42) suggests the creation of registered partnerships as the means of providing legal form for indigenous businesses in developing countries, his suggestions are based on the needs of the more sophisticated businessman of West Africa and contemplate that the business is in the nature of a partnership.

limitation on partnership numbers, prospectus requirements, the prohibition of sharehawking and the inability of certain professional groups to become incorporated. Such a device or an analogous one could be used here. Statutory provision could be made for registered partnerships of unlimited number, provided the members belonged to some customary indigenous grouping. Registration would automatically result in the adoption of a trust deed in statutory form, and thereafter the obligation of the partners among themselves and in relation to outsiders would be governed by that trust deed. If sufficient research was done the trust deed could possibly be drafted to reflect the actual rights and duties which the members of group enterprises intend should be conferred on management and contributors.

(d) Recognition of existing 'corporate' groups. The views expressed by Finney (1969:10) and other researchers indicate that indigenous group enterprise is an adaptation of traditional group activities to a new sphere. It is not based on Western - or more correctly Anglo-Australian - concepts of commercial entities. The indigenous businessman's sources of finance, the customary obligations imposed on him and the nature of his commitments to those whose money he uses, cannot adequately be summed up by describing him as 'being in partnership' with those who finance him. The analogy of the corporation is equally misleading.

The equation of the business leader with a managing director or management is a fairly obvious one, just as the analogy between contributors and shareholders is easy to make. But those who provide the finance are not necessarily shareholders in any Western sense of the term. The relationship appears to be more complex than this and the business leader seems to have a form of paternal responsibility towards those who have contributed and does not feel that the business is exclusively his. In Australia the shareholders are mere suppliers of capital, possessing little real power because of dispersal of ownership. In Papua-New Guinea there is dispersal of ownership in that there are many contributors. Normally, however, they belong to a geographical, linguistic or kinship group and it is not the dispersal of shareholding that causes the lack of power. A major factor in the contributors' lack of power is the traditional culture pattern of the community. Management does, however, recognise traditional obligations to the contributors which present company legislation does not recognise or enforce.

In my view it is not necessary to invoke legal notions of sole trader, partnership and corporation to categorise indigenous businesses. Why cannot traditional groupings, obligations and commitments be recognised as such by the law and allowed to function without unnecessary interference and without being distorted to fit quite arbitrary foreign patterns? The business groups referred to at the Third Waigani Seminar have a de facto existence as groups. Contributors have traditional claims on management and traditional rights in relation to the assets of the business. These traditional rights and claims are possibly only

now being clearly formulated but they are based at least in part on the mutual-obligation structure of traditional society. It would seem logical to recognise these groups as having a corporate-type existence and to allow traditional controls (perhaps formalised by legislation) to regulate their operation. In England the concept of the corporation came after, rather than before, the actual fact, and there is no reason why law here should not take account of the existing facts rather than being tied to alien theories of group existence.

It is not difficult to recognise these traditional groupings which in many ways are similar to some of the merchant guilds and early joint stock companies, such as the Society of Mines Royal and the early East India Company.¹ The types of rights and obligations created are not entirely unknown to English law. It would be much more satisfactory to recognise them and enforce them than to pretend they do not exist while permitting their continued de facto enforcement.

This approach gains support from Fairbairn (1967:79) who shows that even where steps are taken to form an Australian-style registered company, the ultimate rights of the shareholders depend on traditional obligations rather than on the sanctions of the Companies Ordinance. The distribution of dividends from Namasu was made on a village rather than on an individual basis because of the breadth of the shareholding and the difficulty of distributing on an individual basis. 'The most common amount invested by New Guineans was \$10 (which is the minimum amount subscribable) and the overall average for New Guineans was \$15' (Fairbairn 1967:80). Where shareholding is so widespread and individual shareholding so small, the shareholders have no real control over the company; and no control or other protection is given by the Companies Ordinance when distribution of dividends is left to the members of individual villages. Insistence on incorporation under the Companies Ordinance may in the long run lead not to the enforcement of Western standards of accounting, management and protection of shareholders' rights, but rather to the unsystematic relaxation of those standards of which Mead (1967) speaks.

In other developing countries indigenous business groups have been recognised by the law. In Uganda, where the equivalent of section 14

¹ Scott (1909:6) says 'some of the early [joint stock] companies, instead of paying what would now be called a dividend, made a division of commodities to the members. This was proposed in the case of the Society of the Mines Royal (1571); it was common practice of the East India Company in the first half of the seventeenth century; and it was the rule of the Ayr and Newmills cloth manufactories from 1670 to 1713. If it be supposed that the officials of the gild collected the funds from the members before the goods were delivered to them, the transaction resolves itself in its essentials into a joint stock followed by a commodity division'.

(3) exists, Morris and Read (1966:320-1) indicate that 'at least in Buganda, it has been recognised that unregistered companies and partnerships may exist according to the rules of customary law'; and these are unaffected by the statutory limitation on numbers. Apparently the rights of the members of these companies and partnerships are the rights which exist under customary law.

In 1963 Derham (1963:506) was prepared to assume 'that a wise government will take account of well established customs in making general laws and will assume that interference with local customs must be justified by considerations that necessarily override local interests'. If this assumption is correct then a wise government will take steps to give legal recognition to the de facto business activity carried on in Papua-New Guinea. In particular it will give it a legal status which will assist it in obtaining finance from financial institutions such as hire purchase companies, commercial banks and the Development Bank. To provide the basis upon which lending institutions can safely invest their clients' money to assist indigenous group enterprise, there must be legislative recognition of the existing corporate group structure.

It seems that the 'risk' of the group enterprise rests with management. The contributors may prosper in various ways from the success of the enterprise but their risk is probably intended to be limited to the amount of their original investment. They intend to have limited liability while the liability of management is probably intended to be unlimited. Remedial legislation could take the following form: (1) the granting by registration of corporate existence to indigenous groups carrying on business in accordance with native custom; (2) the provision of limited liability for those members of the group who do not take any active part in the management of the group enterprise; (3) the imposition of unlimited liability on those who manage the business, employees excepted; (4) authorisation for the Registrar of Companies to investigate complaints by members of the group who consider that management is not fulfilling its obligations to contributors.

Such provisions could only be brought into effect after considerable research on the mutual rights and obligations which management and contributors to the indigenous group enterprises recognise as existing between them. The research might well indicate that some of the above provisions would need considerable modification in order to comply with existing practice.

Licensing

Writers have stressed the adverse effect the demands of the extended family have on indigenous enterprise. Jackman (1967:10), for example, points out that the 'foremost problem of indigenous businessmen...is their difficulty in building up capital out of profits, because their extended families expect them to continuously pass on to them a considerable part of their cash income'. It must be remembered, however,

that rights and duties deriving from the extended family have a two-way operation. Often it is only the pooling of resources which permits the business to start in the first place. Moreover, group pressures may compel an individual to activity which he would not be prepared to undertake alone. This has been argued quite strongly by Onyemelukwe (1966:18) who points out that 'the popular view that the extended family is invariably a bar to motivation for work and gain "is based on the assumption of a basically individualistic society, such as is said to prevail in the West"'. He quotes Oloko as saying that 'If... the norms of a people make them accept a communalistic view of society, then the obligations and duties imposed on them by their membership of extended families can act as a spur rather than an obstacle to acceptance of innovation'.

Although the demands of the extended family may be a hardship (Langmore 1967:53), the greatest drawbacks for the indigenous businessman are his lack of managerial and technical skill, and the inaccessibility of adequate finance. Finance may become more available with the regularisation of the status of indigenous group enterprise. The lack of necessary skills can be rectified only by education and training. This takes time.

Pending this education and training (which he may never receive) the businessman continues to operate without any real appreciation of net profit or of the need to allow for depreciation; and he certainly does not understand the problems associated with oversupplying the consumer's needs. For example, a group may purchase a truck to provide a village transport service. If the service proves profitable they will then use the profits to purchase a second truck without realising that one truck is adequate to supply the village needs. A system of licensing could be used to prevent group enterprises falling into this sort of trap and to prevent an oversupply of services where consumer demand is limited.

It could also be used to control the overall direction of indigenous economic effort and to control the inflow of overseas capital in the interests of local development. Care must be taken to ensure that in encouraging overseas investment, the evolution of indigenous business enterprise is not discouraged. The criteria which help the development of local business are not necessarily those which will attract overseas money. The greater the inflow of overseas investment the greater the tendency for overseas shareholders and corporations to control economic development in Papua-New Guinea. The better capitalised enterprise, moreover, will tend to grow at the expense of that which lacks both management skills and adequate finance. Thus the local investor will be at a disadvantage unless some system of licensing or limitation of overseas investors to particular types of activity is introduced. Licensing controls are essential to ensure that the areas in which overseas investors compete with local business are limited to those areas in which overseas capital is required.

Conclusion

Alterations in the law will not perform miracles overnight. There are gaps in training and in management skills; there is a lack of appreciation of Western concepts of depreciation, profitability and accounting techniques; there is a lack of sophistication, and a shortage of manpower. All these problems must be overcome, but it is false to assume that they are only educational and that time will remedy them. As Mr Whitlam, Leader of the Opposition, said in the Australian House of Representatives on 27 October 1966:

We should not take it for granted that Australian laws appear relevant to New Guineans. Our own legal system has become so expensive and so technical that most Australians themselves cannot make use of it unless they belong to organisations which can guarantee or subsidise them.... I hope that Australia will give great assistance in making it possible for New Guineans to develop a relevant legal system and to continue the best features of ours.

(Commonwealth Parliamentary Debates 1966:2286)

The indiscriminate transplanting of Australian laws to Papua-New Guinea must stop. In deciding what to transplant one must recognise the differences in the social, economic and educational climate and realise that even the laws which do transplant readily may need to adapt to their new environment. In the interests of internal economic development and in fairness to the indigenous businessman, the business laws of Papua-New Guinea must be related to the facts of indigenous business life.

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Appendix

List of papers presented at Third Waigani Seminar, 1969

The following is a list of papers given at the Third Waigani Seminar on indigenous group enterprise and land tenure in Melanesia. Publication details are given, where known.

- Abbil, J. 'Cooperative development in the New Hebrides'. To be published in South Pacific Bulletin, vol.20, no.4, late 1970.
- Andrews, C.L. 'Responses to the operation of savings and loan societies in two areas of Papua'.
- Angus, J.R. 'Fijian land tenure and the forst estate'.
- Arbuckle, G. 'Credit union development in Fiji'.
- Arek, P. 'The needs of the rural people'.
- Balint, A. 'Onomastics and land tenure'.
- Barclay, W.M. 'The Kairuku joint venture'. To be published in the Journal of the Papua and New Guinea Society, vol.3, no.2, early 1970.
- Crellin, K. 'Land tenure in relation to the provision of credit'. To be published in the Journal of the Papua and New Guinea Society, vol.3, no.2, early 1970.
- Crocombe, R.G. 'Land tenure in Melanesia in the 1970s'. Some of the points covered are included in chapters in the book Land Tenure in the South Pacific, being published by Oxford University Press.
- Elder, D.A. 'Encouraging the small businessman'.
- Epstein, T.S. 'Indigenous entrepreneurs and their narrow horizon'. Published in the present New Guinea Research Bulletin.
- Fardon, I. 'Mission business involvement - its past and present effects'. To be published in the Journal of the Papua and New Guinea Society, vol.3, no.2, early 1970.

- Fugmann, W. 'The missions' involvement in business training of the indigenous people'. To be published in the Journal of the Papua and New Guinea Society, vol.3, no.2, early 1970.
- Guise, J. 'The needs of the people'.
- Griffin, J.A. 'Registered land owned by indigenes - the succession dilemma'. May be published in The South Pacific Law Review, late 1970.
- Godelier, M. 'Land tenure among the Baruya of New Guinea (a Kukukuku group of the Eastern Highlands)'. To be published in the Journal of the Papua and New Guinea Society, vol.3, no.2, early 1970.
- Hannett, L. 'A successful small business born from thunderclap'.
- Healey, C. 'Companies in Papua and New Guinea: the legal framework'.
- Hide, R.L. 'Land demarcation and disputes in the Chimbu: some aspects of the implementation of the Land Titles Commission Ordinance 1962 in the Chimbu District of the New Guinea Highlands'.
- Hookey, J.F. 'Customary title and the state'.
- Howard, J.M. 'Training indigenous supervisors'.
- Janssen, H. 'From indigenous involvement in mission business to mission involvement in indigenous business'.
- Jeffreys, F.J. 'Administration-indigenous co-operation: the Mekeo rice project'.
- Johns, G. 'A lender's problems in Papua and New Guinea - a banker's approach'.
- Kinyanjui, J.K. 'Land reform in Kenya'.
- Kumaina, R.V. 'Savings and loan societies in Papua and New Guinea'.
- McArthur, G. 'Training indigenous farmers - projecting a new image'.
- McCubbery, C. 'Marine rights in the Pacific and New Guinea'.
- McGrath, W.A. 'Land problems in the U.S. Trust Territory'.
- McSwain, R. 'Kin, custom and cooperatives'. To be published in the Journal of the Papua and New Guinea Society, vol.4, no.1, late 1970.
- Middleton, R.S. 'Training indigenous businessmen'.

- Morea, H. 'Formation and management of joint expatriate-local businesses - a case history from an indigenous viewpoint'. To be published in the Journal of the Papua and New Guinea Society, vol.3, no.2, early 1970.
- Moyupnen, S. 'History of the Daga wholesale bulk store'. To be published in the Journal of the Papua and New Guinea Society, vol.3, no.2, early 1970.
- Nand, S. 'Cooperative land holding experiments in Fiji'.
- Nash, G. 'The Territory's legal structure and indigenous business enterprise - the need for change'. Published in the present New Guinea Research Bulletin.
- Nayacakalou, R.R. 'Land tenure among the North Nasioi of Bougainville'. Some of the points covered are included in a chapter in the book Land Tenure in the South Pacific now being published by Oxford University Press.
- Nwokolo, I. 'Law and business practice at village level in West Africa'.
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- Whalan, D.J. 'Torrens and tropical tenures - a non-resident's non-expert view'. May be published in the South Pacific Law Review, late 1970.
- Young, D.C. 'A foundation of storekeepers'.

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