

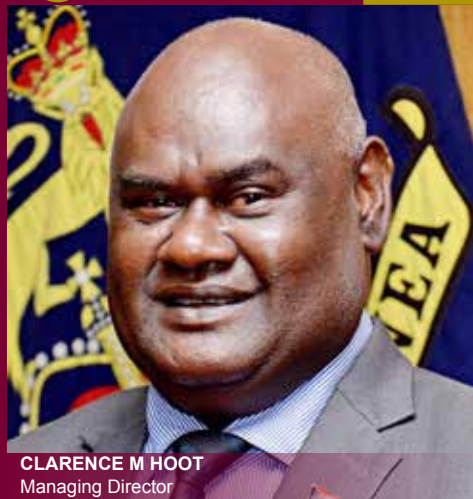


Opportunity

Issue #2- February 2021

Business News, reviews and overviews from the IPA

MD's INBOX



CLARENCE M HOOT
Managing Director

Dear Readers and welcome to the second edition of the IPA's *Opportunity* newsletter.

Firstly, let me begin by saying that the Investment Promotion Authority remains focused and ready to take on 2021 and its challenges. Apart from rolling out our work programs for the year, there are three (3) thematic challenges outlined by the Deputy Prime Minister and Minister for Commerce & Industry, Hon. Sam Basil as a way forward for the Ministry which will set the pace for our work ahead.

The three thematic challenges include;

- 1) Maintaining the in-flow of Foreign Direct Investments with new investment dollars;
- 2) Support, expand and grow the faithful pioneer PNG-based

- 3) companies; and Support and grow indigenous PNG entrepreneurs.

As I stated in our last edition, the key priorities for IPA in 2021 will mostly be guided by the 2021 – 2023 IPA Strategic Plan as the roadmap of IPA activities.

Amongst key priority areas are the ongoing policy and legislative reforms covering investment promotion, associations, companies and business groups. These amendments will bring about some changes within the Authority including the introduction of a new IPA structure.

Other milestone activities that will also be executed include the continuation of the MOUs with Provincial Administrations to pave way of extending IPA services to the provinces and encompass districts and local level echelons. This will greatly reduce the cost of doing business for our people and in particular our local SMEs.

Lastly, let me introduce the new Monitoring and Evaluation Section of the Newsletter which begins in this issue. Readers please peruse and give your feedback as part of our monitoring and evaluation on our work programs.

Thank you and happy reading!!

Clarence M. Hoot
Managing Director

Please always take note of your Annual Return filing month which is outlined on your Company extract.

A business name is administered under the [Business Names Act 2014](#) and has the following characteristics:

1. A business name;
2. General description of the type of business;
3. Principle Business Address;
4. Date or proposed date of commencement;
5. The name and residential address of the owner.

The issuance of a certificate of business name does not create a separate legal entity and does not relieve (owner/proprietor) of any other obligation under the laws of Papua New Guinea. A Business Name does not have a Director and shareholder etc., but has a proprietor or owner. It is also a requirement for a Business Name to renew its business name every year in the month that the business name was first registered. For example, if you register your business name in the month of March this year then your business name renewal will be due in March the following year. Please always take note of your renewal filing month which is outlined on your Business Name extract.

A company can conduct multiple business activities whilst a business name can conduct only one business activity which it registered for and the name must relate to the business activity.

For example, A Company can conduct real estate, trade store, hire car etc. as its business activities under one company whilst a Business Name registered as a real estate can only engage in a real estate business.

Tips & Traps

How a Company differs from a Business Name

It is important to understand the difference between a Company and a Business Name.

Although you can conduct business under these two (2) entity types, it is important to know their characteristics and structures so you can decide on an entity type that best suits your business idea.

A Company and a Business Name are administered under two (2) different Acts and are amongst the four (4) entity- types that the Investment Promotion Authority registers through the Companies Office.

A company is administered under the [Companies Act 1997](#) and has the following characteristics:

1. A name;
2. One or more shares;
3. One or more shareholders;
4. One or more Directors;
5. Secretary (optional).

Once a company is registered, it assumes a separate legal personality (separate from its shareholders). Its legal status gives a company the same rights as a natural person which means that a company can incur debt, sue and be sued. A company is managed by its directors and company secretary and is required to lodge its annual returns every year on its annual return filing month. The system generates the annual return filing month for a company at the time of registration.

IN THE NEWS

IPA to extend MoU to other Provinces

The Investment Promotion Authority (IPA) is keen on extending its services to all provinces around the country.

Over the years the Authority has established several Memorandum of Understanding

Continue on to next page.....



(MOU) with a number of Provincial Administrations.

Under the MOU arrangements, the IPA and the respective Provincial Administrations exchange information on business registration matters and collaborate in performing other IPA functions including the promotion of investment opportunities.

Oro Province was the most recent province that signed an MOU with IPA in December 2020.

Other provinces that have already signed similar MOUs with IPA include Milne Bay, New Ireland, East Sepik, Madang, Morobe, East and

West New Britain Provinces.

Arrangements are progressing well for the signing of the MOUs with Simbu, Eastern Highlands, Hela, Manus and Gulf Provinces.

Managing Director of IPA said the initiative is a way forward for IPA in trying to extend its services to the provincial level in a bid to reduce the cost of doing business among other things for our people. It also allows an opportunity to hear out challenges at district and down to local level government environments.

“People do not have to travel all the way to Port Moresby just to lodge documents,” Mr.

Hoot said. “We would like to streamline our processes as much as possible to allow for those in rural areas to be able to access our services.”

“There has been a notable amount of business activities in various sectors of the provinces and their districts, and the IPA has recognised that it is necessary to collaborate with the Provincial Administration, particularly the Provincial Commerce offices to facilitate genuine investments and also enforce compliance with PNG laws”, he said.

The IPA uses these arrangements to maintain its presence in provinces where it doesn't have an established office.

IN THE NEWS

PNG SMEs Certified under Hazard standards

The Micro, Small to Medium Enterprise (MSME) development program on downstream processing of coconut into high value coconut products (HVCP) commenced in 2014 after the Government of PNG appropriated funding under the Public Investment Program (PIP) Budget.

Through this program, the Kokonas Industri Koporesen (KIK) set it's Hazzard Analysis Critical Control Point (HACCP) framework which includes Food Safety and Quality Standards for all coconut products purposely to guide all MSMEs to comply to international food safety standards.

The HACCP standards are aligned to the Codex Alimentarius which sets the international food safety standards.

HACCP is a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product.

The HACCP Accreditation is one of the minimum export requirements the MSMEs need to obtain in order to enter into the international markets.

There are currently fourteen (14) active coconut MSMEs that are registered with KIK and other three (3) with initial dialogue;

1. **Foundation of Women in Agricultural Development (FOWIAD)** – Maprik, East Sepik Province
2. **Weni & Mandol Investments Ltd** – Wewak, East Sepik Province
3. **Kumul Organics** –

Madang, Madang Province

4. **Amruqa** – Gazelle, East New Britain Province
5. **Rabaul VCO Ltd** – Rabaul, East New Britain Province
6. **Maku Gifts** – Kokopo, East New Britain Province
7. **Tropic Frond Oils Ltd** – Gazelle, East New Britain Province
8. **Maxtone Haus (Oshin Organics)** – Kimbe, West New Britain Province
9. **Loloho VCO** – Arawa, Autonomous Region of Bougainville
10. **Manus Herbal Products** – Lorengau, Manus Province
11. **Emirau Marine Products** – Kavieng, New Ireland Province
12. **Aikane Ltd** – Namatanai, New Ireland Province
13. **Hanamoia Estate** – Abau, Central Province
14. **Aroma Coconut Products Cooperative** – Abau, Central Province
15. **Ambuat Estates** – Port Moresby, National Capital District
16. **Milne Bay Organics** – Alotau, Milne Bay Province
17. **Bougainville Virgin Coconut Products** – South Bougainville, AROB

These MSMEs have gone into downstream processing of HVCP including: virgin coconut oil (VCO), coconut body oils/lotions/creams, coconut soap, coconut stockfeed and coconut handicrafts such as earrings, bracelets and necklaces.

All of these MSMEs have been trading domestically but have shown interest in breaking into the international markets. A few have tapped into markets overseas including: Australia, New Zealand, and Europe.

In 2016, KIK started partnership with the Australian Government funded program, the Pacific Horticulture & Agriculture Market Access or PHAMA, in assisting coconut MSMEs develop and improve their products to meet export requirements, and access global markets.

KIK in collaboration with PHAMA formed an industry working group in 2016 as a platform for the MSMEs to meet with public and private stakeholders and discuss quality standards for coconut products, market access issues and other export development matters.

So far there have been awareness and training programmes for the MSMEs on food safety, product quality standards, market access and export requirements of which the HACCP accreditation is one.

Source: KIK Website

Investment Promotion Act Review update

The Investment Promotion Authority (IPA) is determined to ensure that the Investment Promotion Act is satisfactorily reviewed to fulfil its mandated roles and responsibilities and that is to ensure the promotion and facilitation of investments both foreign and domestic.

The review process began in 2019 in line with the National Government's agenda to promote the growth of Micro- Small- and Medium-Sized Enterprises (MSMEs) to become the backbone of the economy.

The proposed amendments to the Investment Promotion Act allows PNG to remain open to foreign investment and at the same time improve processes for reviewing the Cottage Business Activities List (CBAL) which is the Reserved Activities List (RAL) and also introduce a Restricted Activities List.

These activities will be identified under the new proposed amendments to the Invest-

ment Promotion Act and its accompanying Regulations. The amendments also incorporate improved review mechanisms to determine activities included under these lists.

The IPA is the first point of contact for foreign investors in PNG. In order to improve IPA's ability to manage the foreign certification system, governance improvements are being incorporated into the amendments.

The amendments also introduce a number of provisions which will enable better compliance and monitoring of both individual certificate holders and the foreign investment system in general.

This information is valuable to ensure that responsible foreign investment is promoted in PNG, as well as provide information for system improvements over time.

A key change is the introduction of the position of the Registrar of Foreign Investment. A

dedicated position responsible for the administration of the foreign investment system will improve overall compliance and monitoring.

The amendments will reform the current certification system by adopting a system similar to registration under the Companies Act. A simpler and quicker foreign certification process is proposed as currently, it can take over a month to obtain a foreign certificate from lodging an application.

Registration will be approved by the Registrar unless defined disqualifying criteria are triggered. This will create additional certainty for foreign investors to ascertain what types of foreign investment are permissible in the country.

It will also enable faster certification of foreign entities as the Registrar is empowered to approve applications on a rolling basis.

PM Marape urges businesses to work with Government

Prime Minister Honourable James Marape, MP has urged businesses and investors to work together with the Government.

He was speaking at the 9th PNG Business Council 'Back to Business Breakfast' in Port Moresby on 4th February 2021. The Prime Minister acknowledged the relevance of the event stating that it was an opportunity to inform both the private and government sectors on where the economy was heading.

He told business executives that the breakfast theme 'Rebuild, Rescue and Recover' was appropriate in the New Normal during COVID-19 as it reflected the approach the Government was taking towards rebuilding the economy.

"I thank all of the business community, not only in Port Moresby but elsewhere in PNG, for your patience, tolerance and being forever present in our country," Prime Minister Marape said.

He said PNG as a Government is a vibrant democracy and the Government would never be compromised despite the instability caused by the way it played politics.

"The Judiciary will still be functioning to keep the checks and balances in politics, government and in business and the public sector".

The Prime Minister also impressed on business representatives their importance given their knowledge of the country's history. He went on to state that in the event where there are some disagreements, then the court is the only place to seek fairness in any Government decision-making process in as far as resources and benefit sharing are concerned.





SMALL BUSINESS TAX FORUM

THE POLICY RATIONAL FOR SMALL BUSINESS TAX

New Tax Regime created for Small Businesses



The Internal Revenue Commission (IRC) recently held a two (2) days workshop in Port Moresby to introduce a new tax regime called Small Business Tax or SBT to SMEs and other stakeholders.

SBT is a new tax regime aimed at streamlining the current tax regimes and simplify filing processes for small businesses.

IRC believes that currently most of the tax burdens are being shouldered by big companies, employers and the working-class people. Thus, in creating the Small Business Tax regime, the Commission intends to balance this scenario by getting SMEs to comply by paying their share of taxes to the government.

The Investment Promotion Authority was part of the panel together with the Co-operative

Societies Unit and the IRC to discuss the registration requirements for small businesses.

The small business tax allows for an SME to file their tax returns through a single page form.

Following are the categories of Small Business tax and the requirements;

- Businesses with an annual turn-over of up to K60,000 – Payment of K250 per annum.
- Businesses with an annual turn-over of more than K60,000 but less than K250,000 – payment of K62.50 per quarter. This also adds up to K250 per annum.
- Payments can be made through bank cheques, internet transfer, cell money, phone banking and visa cards.

According to IRC, a nationwide awareness on the new tax regime is expected to be rolled out after the Treasury Minister Hon. Ian Ling Stuckey launches the product.

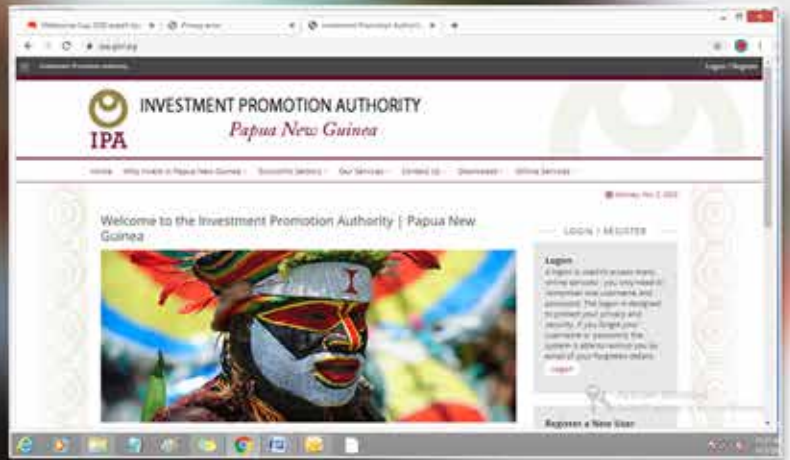
The awareness program is expected to be rolled out by April 1st 2021 and businesses who have registered for a TIN can then apply for an SBT.

Meanwhile participants who attended the 2 days workshop have raised concerns on the need to further simplify the registration processes so as to allow only one registration for new businesses to open bank accounts.

Discussions are ongoing on having the business and tax registration done on a one-stop shop basis.

IPA NEW LOOK WEBSITE

The Investment Promotion Authority has rebranded its website in a bid to improve the look and make it easier for users to navigate.



To understand the economic profile of PNG, please click these sections shown.



To use the Online Registry system or (ORS) please click on the "Online Services" as shown in the illustration below to either **search an entity** or to **request an extract** or **certificate copy**.



If you're a registered user, login where it says **LOGON** to access your dashboard.

Or if you want to register a new online user account, click where it says **Register a New User**.

Click activate if you have forgotten your password and have been issued a new one.



Investment Promotion Authority, your business, your investment, our advice.

(show on screen - Call us on 308 4400/ 321 7311 or email ipa@ipa.gov.pg / ispd@ipa.gov.pg / ipaonline@ipa.gov.pg



Local Catering Company strives to build reputation



TNR Catering Services, a locally owned SME established in 2013 is slowly building its reputation to become one of the best local company among many in the country that is competing to produce simple and fine local and world class dishes or cuisines.

The company was established by Rose George, a young enthusiastic woman from Milne Bay Province with the passion to venture into the culinary world. Apart from turning a passion into business, Rose started the business with the vision to address the unemployment rate in the country and contribute to the local economy.

TNR Catering Services, located in front of Club Regal at the Gordons Industrial area in Port Moresby, is a restaurant registered as a food catering business that provides a daily dine-in and take-away service as well as catering for big events and occasions.

TNR Catering service combines a blend of traditional style cooking where they utilize local garden-fresh produce as well as popular international ingredients to produce the best cuisines aimed at leaving a lasting impression on clients. Their local cuisine is prepared with innovative ideas and style that make up a cultural cuisine enhancing the comfort taste of PNG home cooked dishes.

At TNR, quality and service is always their number one priority.

"We provide all course meals from starter, to main dish to desserts. For catering services, we provide breakfast, lunch and dinner. We also have our famous healthy sandwiches and wraps, take out bites and fruits and salad".

Owner, Rose George says her dream is to one day have a well-established restaurant that

will serve the best tasting food in town and will leave customers running back for more" said Rose.

"My business came into operation six (6) years ago after years of struggling with no capital. I had to start from nothing but with sheer determination, I made my way to where I am now. I utilized my passion for cooking and baking as a drive to start my business".

"My mother also inspired me to venture into this business. She is a great cook and uses simple ingredients to cook up a tasty meal. My favorite recipes that she cooks include the taro cake and the stir fry crab".

Prior to starting TNR Catering Services, owner, Ms George says she utilized Facebook to sell food packs and pastry to the public and schools then slowly worked her way up from there. She used to work for a popular night club in Port Moresby and decided to quit her job to start her own business driven by her passion to cook.

"Starting my business was not easy. I had to go through obstacles to get to where I am now".

TNR Catering currently employs seven (7) staff after it scaled down last year because of the COVID 19 pandemic. The company was hit hard and had to shut down last year but reopened this year with hopes to secure more bigger business opportunities.

"Most of my employees are unskilled but I give them the opportunity to learn and be better at what they are taught to do. I want to give the opportunity to the unskilled to have a second chance in life".

She said despite her company's little set-up at Gordons and her low staff ceiling, TNR is do-

ing wonders.

The biggest catering service that TNR Catering Services had done so far was to provide for more than 600 guests. The company delivered the catering service at the last minute without any complications.

TNR Catering Services currently provides catering for a number of Government Departments including the Prime Minister and the National Executive Council, National Planning and Monitoring, the Department of Defence and the National Statistical Office amongst others.

During APEC 2018, TNR Catering also provided catering for most of the budget meetings that were held in Port Moresby.

I believe in higher client base for the expansion of my business. My biggest challenge now are my competitors and securing a location where it's accessible to the public. Right now, we are operating at a temporary location which may seem inconvenient to many city residents.

Despite that we are always ready to provide catering for bigger events and we will continue to strive to deliver the best, healthy and balanced meals having to know that our customers are happy and satisfied every time they are served.

If you are interested in trying out one of their cuisines, they are located in front of Club Regal or for catering services for events or occasions, you can contact:

Landline: 340 4839

Mobile: 799 82976 or 759 64186

Email: catering@tnrgroupltd.com

An existing business opportunity owned by an investor since 1998 and the owner is now looking at selling this great prospect to any interested developer. The status of this venture is an investment ready project.

Sector:

Fisheries

Location:

Samarai Island, Alotau, Milne Bay Province

Project Size/Investment Value:

K5million

Project Description:

Coral Sea Mari-Culture (PNG) Limited (CSMC) is an existing business on the Samarai Island, principally owned by an investor from Australia since 1998. Due to ill health and age, the principal investor is no longer fit to run the operations of the business. Fisheries license with the National Fisheries Authority (NFA) is current.

The investor is offering the complete business, including properties, commercial and residential (staff accommodation) to the new investor. Basically a takeover including all shares in CSMC, with no encumbrances.

The List of Assets includes equipments to farm 52,000 pearl shells using bottom fence system. Currently, 15,000 shells are ready for harvest. The commercial properties/sheds on the waterfront, including the wharfs leased from PNG Ports. This lease is current, the sheds include a hatch-

Pearl Farming in Samarai Island

ery, which has produced shells since 2003 and another used for seeding, processing spat and x-raying (to determine whether pearls are ready to be harvested or not).

The gold lip pearl oyster produces the yellow/gold pearl (with white as well) and these shells can produce 2 pearls over a four year period. This means the first pearl can be harvested and the same shell re-seeded to produce larger pearls in the same oyster over given time. The shell can be x-rayed at any time to determine whether it's ready to be harvested or not. Small pearls of 9mm or 10mm approximately 12 months and larger pearls of 11mm or 13 mm in 24 months. Necessary dive gear is available with PADI trained divers plus farm workers ready and willing to resume at any given time.

The facility can be utilized for other marine species and research and is an attraction for tourists visiting the Island & nearby Doini Island Resort.

Better arrangements can be put in place with local people of nearby Islands of Logea, Ebuma, Sariba, Sidea, Basilakietc to be involved in the industry.

Contact	Details
Charles Safitua	Ph: (675) 7210 2100 or Email: chardigm@gmail.com
IPA PNG	investment@ipa.gov.pg

If a company has not been operating since its incorporation, am I as shareholder/director still required to lodge Annual Returns?

Answer: YES.

In line with the Companies Act, it is a compliance requirement that a company must lodge their returns every year. The lodgement month will be shown on the extract of the company and it is usually generated by the system at the time of registration. It can also be on the month that the company was incorporated on.

For example: If your company was incorporated in the month of February, then your annual return filing month would be the month of February every year .

Failure to lodge in a year will result in the incurrance of a penalty fee of K1000.00 which will be added to the lodgement fee of K300 if you're lodging offline or K250 if lodged online.

Companies can also choose to change their filing month by writing a letter to the Registrar of Companies. This process is free for the first time.

However, if the company intends to change the filing month for the second time then a fee of K1,000 is applicable.

Do you have a general question about the regulatory side of running a business or have a query on investment promotion, Intellectual Property rights or wish to know more on Securities? If so, email your question to: click

beverlyp@ipa.gov.pg

We will publish a selection of questions and our answers in each issue of Opportunity.

IPA BRANCHES:

Port Moresby, Head Office

Level 1, IPA HAUS, Munidubu Street
(Corner of Lawes Rd and Champion Pde)
Konedobu, Port Moresby

Phone: (675) 308 4400 / (675) 321 7311

Facsimile: (675) 320 2237

Email: ipa@ipa.gov.pg

Lae Regional Office

Level 1, Nambawan Supa Building,
P. O. Box 1074, Lae,
Morobe Province

Phone: (675) 479 2001 / 479 2606

Fax: (675) 479 2001

Email: ipalae@ipa.gov.pg

Mt. Hagen Regional Office

Level 1, Gapina Building,
P. O. Box 1834, Mt. Hagen,
Western Highlands Province,

Phone: (675) 542 0399

Fax: (675) 542 0599

Email: ipahagen@ipa.gov.pg

Kokopo Regional Office

Ground Floor, Marau Haus,
P. O. Box 870, Kokopo,
East New Britain Province,

Phone: (675) 982 9460

Fax: (675) 479 2001

Email: iparabaul@ipa.gov.pg

Buka Regional Office

Commerce Office, Haku Street
P. O. Box 782, Buka
AROB,

Phone: (675) 973 9344 / 973 9189

Fax: (675) 973 9344

Email: ipa_buka@ipa.gov.pg



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