



ppportunity

Issue #07- July, 2022

Business News, reviews and overviews from the IPA

MD's INBOX



CLARENCE M HOOT
Managing Director

Hello everyone, and welcome to the 7th issue of the IPA's "OP-PORTUNITY" Newsletter .

So far the Investment Promotion Authority is doing well in terms of working towards achieving all our work programs for this year.

We are currently reviewing our Strategic Plan for the years 2021-2023 to see how much we have accomplished and how far we are from fully achieving the intended goals.

Despite challenges and circumstances that were brought about by the 2022 General Elections, the IPA managed to stay focused on upholding its mandated roles and responsibilities in promoting investments in the country and internationally.

The IPAs are committed to working with the new Government to achieve its mandated outcomes.

Also in this issue you will read more on a report by the ADB on the potential of tourism and how it will impact on the economies of the countries in the Pacific including PNG.

The IPA will be hosting in-house awareness workshops for its staff early next month to educate them on what to also expect from the new legislative amendments done to the Business Group Act and the Companies Act.

The amendments to the Investment Promotion Act and the Association's Acts are yet to be passed by Parliament and we are hoping that once the new Government is formed and a new Minister is appointed, we will have the two legislations brought to the floor of Parliament to have them passed.

Finally, if you have any positive stories about your business, you can contact our Public Relations Unit as we will be happy to feature your story in our monthly newsletter.

Thank you and happy reading!!

Clarence M Hoot
Managing Director

IN THE NEWS

IPA attends meeting on Anti-Money Laundering

The Investment Promotion Authority (IPA) was represented at the Asia Pacific Group (APG) Plenary Meeting on Anti-Money Laundering in Kuala Lumpur, Malaysia from the 24th to the 28th of July 2022.

The five (5) days meeting was aimed at providing more insights into the work that the APG does in the Asia-Pacific region including what is required for member states including PNG to maintain their financial systems and prepare for Mutual Evaluations (ME).



The MEs are carried out every ten (10) years in line with the Financial Action Task Force (FATF) evaluations. FATF is an intergovernmental organisation founded in 1989 on the initiative of the G7 countries to develop policies to combat money laundering.

The IPA was represented at the meeting by Senior Legal Officer, Manilah Apawa and Surveillance Officer, Keith Kipma.

In accordance with Asia Pacific Group's membership rules on joining the APG, members commit to a **mutual peer review system to determine the**

Continue on to next page.....



levels of compliance with the international Anti-MoneyLaundering (AML) or Counter Terrorism Financing (CTF) standards.

These peer reviews are referred to as “mutual evaluations”. A mutual evaluation involves a desk-based review of the member’s AML/CTF

system as well as an on-site visit to the APG member by a team of

see first-hand the work of the APG and attend training in preparation for the mutual evaluation in 2023.

The next Mutual Evaluation is scheduled to commence in 2023 in

PNG where external experts or (APG Members/Overserves) will travel to PNG to assess the effectiveness of our systems/laws on AML/CTF and especially the financial system.

by criminals to launder money or facilitate terrorist financing. The review of the Associations Act is to identify the different sub-types of associations and clarify what reporting requirements are mandatory for Associations. All this is done to ensure accurate and up to date information is kept in the records of associations so it will be easy to track down dubious activities or groups-all these relate to AML or CTF international requirements,” said Ms Apawa.

The IPA report will go towards compiling the overall report for PNG. The other 20 agencies in the PNG NCC will also submit their report. The overall report by PNG is significant because it assesses whether PNG is compliant or not with AML/CTF regimes.

“The worst-case scenario is that if PNG is assessed as non-compliant to the standards, we maybe placed in the grey or black list and we don’t want that to happen. The results of the reports are published in business magazines all over the world and the international business community is inclined to these kinds of information. Potential investors may not want to do business in PNG as our financial systems or processes would be deemed ineffective and that will have a trickling effect on the country’s economy”.

IPA also has a dual role in promoting investments both locally and internationally and we are committed to ensure good business opportunities or investors are brought into the country and that AML or CTF issues does not deter them.



experts from other APG members and the APG Secretariat which includes legal experts, financial and regulatory experts and law enforcement experts.

The Investment Promotion Authority is among 21 agencies in PNG that make up the National Coordinating Committee (NCC) on Anti-Money Laundering/CTF.

This body is established to ensure action items set under National Strategic Plan (NSP) on AML/CTF 2017-2022 for each agency is achieved before the next mutual evaluation (ME).

The APG invited 20 representatives from relevant Government agencies in PNG to attend the APG Plenary to

Ms Apawa said the IPA has several obligations under the National Strategic Plan, the significant action item relates to “Beneficial Ownership” of companies (who are the real owners of companies).

“Anti-Money Laundering international standards require the beneficial owners of companies to be known hence recent amendments to Companies Act ensures Registrar is able to retrieve or obtain that information from companies registered in PNG,” said Ms Apawa.

She said the other significant action item is to do with Associations.

“Associations especially charity organizations are prone to being used



Investment Promotion Authority (IPA) and PNG Customs ink MoU on cooperation and information sharing

The Managing Director for the Investment Promotion Authority, Mr. Clarence Hoot and the Chief Commissioner of the PNG Customs Service, Mr. David Towe renewed a Memorandum of Understanding (MOU) this month to strengthen the ongoing cooperation between IPA and the PNG Customs Services.

The previous MOU was first signed in 2013 and lapsed in 2016. Certain developments in the two organisations and other pressing work priorities has left the MOU review hanging up till now.

The MOU aims to assist both Agencies in their respective implementation of their respective mandates and roles in relation to trade, border protection and facilitation and promotion of investments in PNG including intellectual property enforcement. The MOU stems from the need to uphold the responsibilities and obligations of the Government of Papua New Guinea under the World Trade Organization (WTO) and in particular, the Trade Related Aspects of the Intellectual Property Rights (“TRIPS”) and their duties thereof as the relevant government agencies to implement enforcement responsibilities and obligations integral to the WTO.

The MOU also recognises the responsibilities and obligations of IPA and Customs PNG under the Financial Action Task Force (FAFT) and its regional associate of the Asia Pacific Group (APG) on Money Laundering and their duties thereof as relevant government agencies to implement enforcement and obligations integral to anti-money laundering and counter terrorism financing.

Custom’s Chief Commissioner, Mr David Towe highlighted that under this MOU, both parties in their respective roles will work together to discharge their duties relating to trade, border protection and facilitation, promoting investment and the protection of intellectual property rights.

The MOU will operate through the use of endorsed channels of communication, partnership and cooperation, exchange of information, joint programmes and consultations. Parties will also be guided by their respective responsibilities under the MOU and within their respective legislative frameworks.

Managing Director for the IPA, Mr Clarence Hoot said that the partnership has been in place for quite a while. We recognize the importance of the relationship which we wish to further strengthen through the provision of timely, effective, and efficient exchange of information arrangements.

The MOU signing took place at the IPA Haus in Port Moresby and was witnessed by the Senior Management and staff of both Agencies.



PNG Customs Chief Commissioner, Mr David Towe (Left) and IPA Managing Director, Mr Clarence Hoot



TOURISM EXPECTED TO BOOST ECONOMIC GROWTH THIS YEAR

A revival in tourism is expected to boost economic growth in the Pacific in 2022 and 2023, but the COVID-19 pandemic, rising commodity prices, and climate change continue to pose risks, according to the Asian Development Bank.

After an average economic contraction of 0.6% in 2021, ADB's *Pacific Economic Monitor (PEM)*, released this month, says the Pacific is expected to grow by 4.7% this year and 5.4% next year.

The turnaround reflects rising visitor arrivals in the tourism-dependent economies of the Cook Islands, Fiji, and Palau, as well as expectations for Papua New Guinea's minerals sector to benefit from the higher international commodity prices being driven by the Russian invasion

of Ukraine.

But the *PEM* says the Russia-Ukraine war also poses a risk to the subregion through rising import and transport costs, accelerating inflation, and increasing trade and fiscal deficits across the Pacific. Other risks to the Pacific's recovery include community transmission of COVID-19 and some challenges in vaccine rollouts, as well as the region's vulnerability to climate change and disasters.

"This outlook for the Pacific is welcome after more than 2 years of negative growth caused by COVID-19, but significant risks to this recovery remain," said ADB Director General for the Pacific Leah

Gutierrez. "It is vital that development partners, stakeholders, and policy makers work closely together to ensure the continued recovery."

The latest *PEM* forecast represents an improvement on that seen in the *Asian Development Outlook (ADO) 2022* released in April, which projected the Pacific's economic growth to be 3.9% in 2022.

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty.

Article courtesy of the ADB

Tips & Traps

Important to know the entity types before you register with IPA

Before coming to the IPA to register an entity, it is important to understand the suitable business or entity type that suits your business idea.

Given that company is a common entity type, people have the tendency to register a company to perform any business activity. Although it is still alright, it is important to understand the other entity types available that people can utilize when trying to do business.

There are four (4) entity types that are registered at the IPA. They are;

- 1- Business Names
- 2- Company
- 3- Business Group

4- Association

A **Business Name** allows the business to carry out only one type of business activity. For example, if a person registers a hire car business then the name is specifically for the hire car business. That person can't use the same Name to run a trade store. They will need to register a separate Business Name to operate a trade store. By law Business Names expire after a year but can be renewed. It costs K200 to register a Business Name manually or K150 if you do it online.

A **Company** on the other hand can do more than one type of business activity. A company needs to have a director or directors and a shareholder or shareholders as a primary prerequisite. A director runs the day to day operations of the company and the shareholder is the owner of the company. Every year, a company is required by law to lodge annual returns or runs the risk of being deregistered. It costs K600 to register a company or K450 if you do it online.

Tips & Traps

A **Business Group** is usually rural based and can consist of many members from the same family, clan or tribe. This entity type is only allowed for Papua New Guineans. A Business Group is required by law to lodge a statement of assets and liability every year or runs the risk of being deregistered. The registration fee is K100.

An **Association** is a not for profit organisation and must NOT carry

out business. It is registered for the purpose of achieving a common goal as agreed by the members in the association's constitution. However, the association can register a Business Name or company which will operate as a business to make money to fund the operations of the Association.



Industrial Design

INDUSTRIAL DESIGN

Protect the visual appearance of your product.

Register your industrial design.

How important is it to protect an Industrial Design?



"Sidechair", by Kenneth Cobonpue

In our previous issue we talked about why it is important for SMEs to register their intellectual property rights.

In this issue, we'd like to talk more about one of the rights- **INDUSTRIAL DESIGNS** and why it is important to protect industrial designs.

So why protect Industrial Designs?

By protecting an industrial design, the owner of the design is given a right against its unauthorized copying or imitation by third parties. In other words, the owner of a protected industrial design shall have the right to prevent third parties not having his consent from making, selling or importing articles bearing or embodying a design which is a copy of the protected design. Therefore, you will see that protecting industrial design clearly benefits the owner of the industrial design.

Since industrial designs are that aspect of an article which makes it aesthetically appealing and attractive, they serve to add to the commercial value of the product and facilitate its marketing and commercialization.

To be protected under most national laws, an industrial design must appeal to the eye. Industrial design does not protect any technical features of the article which to it is applied.

Another benefit of protecting industrial designs is that the owner of an industrial design benefits through the industrial development of his or her products and the protection helps

to ensure a fair return on investment.

The consumer and the public at large benefit as well since industrial design protection is conducive to fair competition and honest trade practices, encourages creativity and thus leads to more aesthetically attractive and diversified products.

Also, industrial design protection injects creativity into the industrial and manufacturing sector, contributes to the expansion of commercial activities and enhances the export potential of national products.



LET'S HEAR IT!



Kuti Sox introduces PNG designed socks

A local Papua New Guinean company has made a footing into the consumer retail industry with its production of modern socks with local PNG flavour and branding.

Kuti International Limited is a 100% Papua New Guinean owned Sock Company whose concept is based on developing a PNG sock line for local and global markets. The sock line currently has 11 designs in different sizes and ranges and the company aims to release smaller sizes for children, infants and toddlers with their underwear label.

As Lead Kuti Desmond Aisi puts it, most Papua New Guineans do not have the option of purchasing a sock they can claim is 100% PNG owned and at the same time having a connection with the sock. As such, him and the team came up with the idea of creating a PNG branded clothing line and accessories.

"Kuti Sox label aims to provide the first traditionally branded socks line to consumers and is the first authentic Papua New Guinean owned brand of socks line that represents Papua New Guinea's diverse cultures," he said.

Kuti International Limited is pursuing supplier relationships with large retailers for a direct business to business import distributor sale. This would allow for the socks-line to reach a national distribution market segment. They can also produce tailored made socks for companies, schools, sporting teams for branding purposes.

Whilst Kuti Sox thrives to introduce a new line of products into the market it is also mindful of the branding and the

reproduction of traditional knowledge. "We ensure that the designs on our socks do not misrepresent, or disrespect sacred relics, customs and cultures," Mr. Aisi said.

The initial four Kuti socks concept include:

- I. The picsabuai range which is a half open betel nut and mustard on a betel nut stained red.
- II. Alotau lime pot range on a light blue background.
- III. Asaro mask range on a Goroka flag yellow.
- IV. Tolai basket on a light green canvas.

Product size ranges include;

- I. Soti mobs Range – For infants and toddlers
- II. Sumatin Range – For Kids
- III. Kuti Range – Adults
- IV. PilaiPilai Range – Sports socks
- V. Hatwok Range – Workwear socks
- VI. Wantok Range – Pacific socks
- VII. Corporate Range – Customized socks





IMMIGRATION & CITIZENSHIP AUTHORITY

NOTICE TO ALL STAKEHOLDERS REGARDING RENEWAL OF WORK PERMITS

The Immigration and Citizenship Authority (the Authority) is instituting control measures to ensure compliance to PNG laws governing employment of non-citizens in the country. We will focus on managing the issuance of new work permits and ensure that any request for renewal of existing work permit is subject to strict compliance to the conditions of the contract of employment and laws and regulations governing employment of non-citizens in the country.

Background

In 2021, Parliament passed the amendment to the *Employment of Non-citizens Act 2007* which necessitated the transfer of the work permits function from the Department of Labor and Industrial Relations to the PNG Immigration and Citizenship Authority. The work permit system has been in operation under the Authority since December 2021.

In the last six months, the Authority has identified various governance and compliance issues that require immediate action. While measures are being implemented to improve management of the work permit system within, the Authority is simultaneously reaching out to employers of non-citizen workers to ensure compliance to the conditions of their work permits.

Renewal of Work Permit Applications

In the process of screening and assessing renewal work permit applications, it has come to our attention that there are some non-citizen employees who are renewing their work permits multiple times. This means they have been employed in the same position for more than 3 years on a long term contract.

The constant and multiple renewals has become a concern for the Authority in terms of the training and up-skilling of nationals who are supposed to undertake and be able to perform on those positions held by the non-citizens. As per the condition set on work permit under Section 15 of the *Employment of Non-citizens (Amendment) Act 2021*, every non-citizen must train their national counterparts.

Consequently, as of the date of this Notice, employers of non-citizen workers applying for renewal of their work permit must provide the following documents:

A letter from the employer justifying why they are applying for renewal of the particular position.

A *detail Training Report* on the company and the non-citizen. The training report must identify the training provided to its national employees, the skills acquired, skills gap, the dates of trainings, the facilitators or the institute providing training and the list of nationals undergoing training. The training report must be signed and dated with company stamp by the company Human Resources Managers or by the Managing Director where there is no HR department within the organization. The training report must be accompanied by the Succession Plan. Employer/non-citizen must identify the successor to the position.

1. The company or organisation's *organisational structure*. Employer must identify the number of non-citizens and nationals on the positions.

The Authority understands that within certain industries that involves technical roles, it may take a longer period to train a national to be able to be competent and to replace non-citizen. The employer is encouraged to seek the advice of the Authority in such cases.

It is paramount that all stakeholders adhere to this changes and the new requirements that are put in place. The Authority will work closely with all parties to ensure these are implemented smoothly.

STANIS HULAHAU
Chief Migration Officer

15 June 2022

URAHIM ORGANIC HERBAL PRODUCTS

Herbal downstream processing project

The proponents of the above business entity are looking for a potential investor to partner in downstream processing and marketing of noni and coconut virgin oil herbal products

Project Proponent: URAHIM ORGANIC HERBAL PRODUCTS
Sector: Wellness and Health

Location: Maprik Urban Local Level Government, Maprik District, East Sepik Province

Projectsize/Investment Vaue: US \$ 20, 000

Description:

The project involves small scale processing or organic products derived from Noni fruit and Coconut grown locally within the project area

The project site is located on traditional land within the fringes of Maprik Town and has access to road and electricity infrastructure.

The project currently has a mini processing equipment

for grinding of organic products into finished herbal products such as herbal paste, tea, wine, and essential herbal oils.

The project owner has submitted project funding to the tune of K50, 000 to the Maprik District Development Authority for funding assistance to assist with their capacity in downstream processing. They are also looking at obtaining proper standards testing and conformance so as to bottle and package their products.

Documentation of project is with the IPA who have conducted a site visit to the project site.

Contact	Details
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UPCOMING EVENTS

Strategic Plan review – June 28- 29 (IPA)

Investment Conference – August (Business Advantage International)

Speakers summit – August (IPA, Parliament, BCPNG)

World Tourism Day – September 24 (TPA)

IPA Anniversary – September 28th (IPA)

IPA 3rd Quarterly Board Meeting – September 29th

EU-PNG Trade and Investment Conference – October 11-12 (IPA & EUHOD)

Karamui show – November (TPA)

IPA outreach program- July – December (IPA)

FIPIC 3 (Forum for India and Pacific Islands) December (India PNG Business Forum)

Mining and Petroleum Conference, Sydney – December 3 – 6

IPA 4th Quarterly Board Meeting – December 15th

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QUESTION TIME

How can I file an annual return?

Answer:

A company can file an annual return online at www.ipa.gov.pg DO IT ONLINE or file a paper form known as Form 22 at the front counters located in:

Port Moresby – Ground Floor, IPA Haus, Munidubu Street (Corner of Lawes Road and Champion Parade), Konedobu;

Lae – Nambawan Super Building, Level 1, Lae, Morobe Province

Mt Hagen – Gapina Building, Level 1, Mt. Hagan

Buka- Commerce Office Building, Haku Street, Section 9, Allotment 4, Buka

Rabaul – Marau Haus, Ground Floor, Room 3, Kokopo.

Filing fees for an annual return:

Online Filing fee – exempt company –K250 (*offline or paper filing fee K300*)

Online filing fee – reporting local company – K300 (*offline or paper filing fee –K500*)

Online filing fee – overseas reporting company – K750 (*offline or paper filing fee –K1000*)

What is the difference between a reporting company and an exempt company?

An exempted company –a company which does not have:

- assets exceeding K5million; or
- more than 25 shareholders; or
- more than 100 employees ; and
- a company that complies with at least one or two of the above (not all three) of the above.

A reporting company – a company other than an exempt company.

Do you have a general question about the regulatory side of running a business or have a query on investment promotion or Intellectual Property rights?

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.

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Our advice”**

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