

# KPMG Kundu

May 2023

## Foreword



Compliance with ISO standards may make the difference between being ahead of your competitors or not in PNG, and we discuss this emerging topic. We also explore the recent expansion of US supports across aid funding, defence, climate change and other areas, and what this could mean for the country. Touching on technology, we discuss the worrying rise of cybercrime and specifically cybersecurity attacks in PNG, and how exploring a virtual CISO could be an innovative and cost-effective option especially here.

KPMG in PNG has dedicated in-house specialists in all the following areas: internal audit/risk, visa migration, corporate finance, management consulting, IT advisory, fraud investigation as well as tax and assurance. As such we are well placed to provide a truly multi-disciplined approach to business advisory.

Enjoy the read this month and reach out with any enquiries at [kmcentee@kpmg.com.au](mailto:kmcentee@kpmg.com.au) if you would like to see KPMG cover specific topics in future editions.



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## Staying ahead of the game: the importance of ISO compliance for PNG businesses

by Charles Judd, Principal Director, Advisory Services

International corporations often have a stringent selection process when it comes to suppliers. Compliance with ISO standards is often a requirement for suppliers to be considered for business opportunities. In addition, international corporations in the resource industry often conduct detailed audits of various service areas when engaging with suppliers. This means that suppliers need to have their compliance in order so as to avoid any potential issues that could arise during the audit process.

In PNG some businesses can struggle to meet the compliance and quality requirements of large international corporations. However, with increasing competition and the need to maintain a competitive edge, PNG businesses must ensure they have robust quality management systems in place.

The International Organisation for Standardisation (ISO) is internationally recognized and has been developed by experts and provides guidance for how to do things in the best way. The various ISO compliances ensure consistency, safety and quality between countries and industries. Currently, the ISO has created over 23,000 standards. While there are a number of ISO compliances available, the two we see that continue to rise to the front of conversations in PNG are:

- **ISO 9001** – a quality Management System that provides a framework for implementing a quality management system in an organization. It helps organizations to consistently deliver products and services that meet customer requirements and enhance customer satisfaction.

- **ISO 27001** – demonstrates to your customers that you have information security systems to ensure sensitive information integrity. This helps organisations manage their information security by addressing people, processes, and technology.

PNG businesses can benefit greatly from ISO compliance, as it helps them to improve their business processes, increase efficiency, and reduce costs.

### **Benefits of ISO 9001 Compliance**

- **Improved Quality Management:** Compliance with ISO standards ensures that the business has effective quality management systems in place, resulting in consistently high-quality products and services.
- **Increased Efficiency:** By implementing ISO standards, businesses can streamline their business processes, reduce waste, and increase efficiency.
- **Cost Reduction:** ISO compliance can help businesses to identify areas of waste and inefficiency, resulting in cost savings.
- **Competitive Advantage:** ISO compliance can help Businesses to differentiate themselves from their competitors and gain a competitive advantage.
- **Access to New Markets:** Many international corporations require their suppliers to be ISO compliant. Compliance with ISO standards can open up new business opportunities for PNG businesses.

The benefits of suppliers having ISO Compliance therefore include:

- Access to new business opportunities
- Enhanced reputation
- Improved quality management
- Increased efficiency

In conclusion in today's challenging and competitive global market, ISO compliance is no longer a mere box to be ticked, it is an absolute necessity for PNG businesses looking to stay ahead of the game and unlock new business opportunities. The benefits of ISO compliance for a business are immense. Is your business ready for ISO compliance to maintain that competitive advantage?

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## **US expand support for PNG in multifaceted partnership initiative**

### **by Kalinga Baliki, Assistant Manager, Advisory Services**

The United States has announced a series of joint efforts to strengthen its relationship with Papua New Guinea (PNG), highlighting PNG's status as a key partner in the Indo-Pacific region. According to the US these initiatives aim to enhance economic relations, security cooperation and community ties supporting peace, prosperity and sustainable development.

The US has committed to an additional USD10 million to implement the Strategy to Prevent Conflict and Promote Stability in PNG, taking total planned funding to USD30 million over three years. The initiative aims to strengthen community capacity, promote equitable economic growth, and enhance justice and security systems. A Strategic Dialogue with PNG has been launched to increase diplomatic and security ties.

In addition to this, the US and PNG signed a Defence Cooperation Agreement on 22 May 2023 with the objective of encouraging increased security cooperation, enhancing the capacity of the PNG Defence Force (PNGDF) and promoting regional stability. The US will also supply USD12.4 million worth of personal protective equipment to the PNGDF. The US and PNG also signed an agreement to counter illicit maritime activities with the aim of improving cooperation and enabling PNG to enforce maritime laws and regulations. In line with this, the US plans to provide USD4 million to support PNG's efforts against transnational organised crime.

The US has also committed to helping PNG address issues related to climate change, statistical data, HIV/AIDS and lack of electricity. Among these initiatives are a USD12.5 million fund to make communities

more climate resilient, a collaboration with the PNG National Statistics Office to improve census data quality, a \$5 million investment to tackle HIV/AIDS, and continued support for the PNG Electrification Partnership. The US will also provide USD1.5 million for technical capacity building and cooperation with the Mineral Resources Authority.

In these geopolitically sensitive times it is clear that the US wishes to strengthen its ties with PNG.

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## Why your next cyber chief might be completely virtual

Switch on the international news reports or talk with PNG businesses and it is likely that you will hear about another cybercrime incident. While we do not have the PNG statistics, cybercrime is estimated to cost the Australian economy AUD42 billion each year. Unfortunately, cyber criminals do not discriminate as all sectors are being impacted - health, finance, telcos, education, NGOs, SOEs etc.

While every incident is unique, many mid-market, private and family businesses are increasingly left exposed and vulnerable to attacks due to their scale and size. Their size means they can be nimble, agile and get products or services into market faster than bigger businesses, but limited resources can often mean a lower investment in cyber security.

While we have not as yet done a survey on the PNG market, KPMG research in Australia shows a new cybercrime incident is reported every seven minutes and during FY22, over 76,000 cybercrimes were reported, with medium size businesses suffering the highest average loss.

Smaller firms often lack the specialist skillset of Chief Information Security Officer (CISO), an executive responsible for protecting a company's intellectual property, proprietary data, and information assets. Given the specialist nature of this work and the associated demand for the role, a CISO can command a premium salary and may require a sizeable budget to implement programs of work, which may be out of reach for smaller firms.

Consequently, smaller firms are feeling the squeeze and exploring new ways to protect their customers, operations, and reputation, with many exploring the benefits of a virtual CISO.

KPMG's virtual CISO offering allows businesses to access a team of three to four specialists with expertise across all aspects of cyber security, from governance, risk and compliance, to operational technology, architecture and cloud. This improves an organization's ability to identify, respond to and recover from attacks and embed cyber security across the business.

In our experience, in the cyber security industry, it can be difficult to find all the necessary security skills in one – or even two – employees given the fast-growing nature of this broad and complex industry so it can be helpful to outsource this responsibility to a CISO.

While in many areas of business an 'operationally fit for purpose' approach may be sufficient for PNG businesses to get by and even to thrive, cyber is one area where nothing short of 'best practice' will suffice in order to protect your business as cyber threats are constantly increasing and evolving.

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## Our social media presence

As usual, you may access our regular multi-disciplined thought leadership pieces, newsletters, and updates on our KPMG PNG LinkedIn page. Also, connect via our webpage [www.kpmg.com.pg](http://www.kpmg.com.pg) and Facebook <https://www.facebook.com/pngkpmg/>.

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