

FMM 01.11 Winding up of Statutory Body or Subsidiary Statutory Body

11.1 Authority and Prescribed Requirements

- Public Finances (Management) Act 1995 (PFMA):
 - Section 47N and 64A mandates consultation with the Finance Minister and Treasurer on any restructuring, which includes winding up of public and statutory bodies.
 - Section 47K and 62 Requires that all public and statutory bodies operate under sound financial management principles, including provisions for their dissolution when they cease to be viable.
- Companies Act 1997 Governs the liquidation and winding-up process for public entities incorporated under this Act, including the appointment of a liquidator.

11.2 Minimum Responsibilities

Finance department head is to oversee the process and ensure that all financial and legal requirements are met and provide guidance on asset realisation and debt settlement. The Finance department head is the interim liquidator under the Companies Act for public entities.

The Department of Finance is required to update the Register of Public Entities.

The Statutory Body is to execute the decision to wind up the entity and oversee initial stages of the process including the submission of necessary documentation to the relevant authorities, including the Registrar of Companies.

In the event that Finance department head is not the liquidator, the liquidator is to take control of the entity's assets and liabilities and manage the liquidation process, including settling debts, realising assets, and distributing remaining funds.

Registrar of Companies is to administer the deregistration process for statutory bodies incorporated under the Companies Act.

11.3 Mandated Policy

1. Where a subsidiary statutory body or business arm (which is a company) is defunct or is no longer required for its intended purpose, the governing agency should take steps to wind up or deregister the company and inform the Treasurer, Finance Minister, Finance department head and Auditor-General.
2. The Finance department head is the nominated interim liquidator of a company if nomination is required under Part XVIII Liquidations under the Companies Act. The Finance department head may appoint a liquidator and a liquidation committee under the Companies Act.
3. A company which has ceased to carry on business can in some cases be deregistered without the need for a winding up process. Further information can be found with the Investment Promotion Authority including the necessary forms.
4. The bank account/s of the company are to be transferred under the control of the Finance department head in accordance with Section 11 of the PFMA on the keeping of public funds. The proceeds of winding up/liquidation shall be remitted to the Consolidated Revenue Fund.
5. A final set of financial statements are to be prepared and signed-off by the directors and the auditor prior to the cessation of their responsibilities.
6. Where a company is found to be insolvent or likely to become insolvent there are many alternative forms of external administration available and the Finance department head will consider the appointment of an insolvency expert should there be doubt as to the ability of the company to operate as a going concern.

Further Information	frcd@finance.gov.pg
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