Bougainville Revenue & Tax Summit

Presenter:
Ray Paul, OBE
Chief Commissioner
PNG CUSTOMS SERVICE
Talking Points

- Vision and Values
- Background
- Functions & Outcomes
- Opportunities & prospects
- Challenges
- Take Home
Customs Vision

- Spirited and committed to be a regional leader in securing our National Border to enhance the security and socio-economic development of Papua New Guinea including Bougainville.
PNG Customs Mission…

- Protect PNG’s border, communities & industry
- Enhance facilitation of international trade & travel
- Protect and collect Government revenue
Our Values…

Commitment

We are committed to maintaining the Customs long standing tradition of protecting the community and contributing to the development and prosperity of Papua New Guineans.
Our Values…

Professionalism

We will develop our human capital to be professionally trained and to embrace international best practice.
Our Values…

Service

We will render a high standard of service to the Government, community, local industry and external stakeholders; whilst being mindful of the need to reduce impediments to trade and investment.
Our Values…

Integrity

We maintain high Christian principles and are honest, transparent and accountable in our actions and decisions we make, for a fair and equitable outcome for the Government, local industries and investors.
Partner Agency Relationships… for Coordinated Border Management

- PNG Defense Force,
- Police,
- Quarantine,
- Immigration,
- Overseas Customs Administrations.
A. Background

- 362 Officers/535 per structure
- 19 Locations
- Coastline – 5152 km
- Land Border – 820 km
Cont’d.....Background

- Established in 1888

- PNG Customs is responsible for protecting the country's border and community, preventing transnational crimes and ensuring there is effective supply chain security.

- Work in collaboration with a number of key partner agencies including Government and industry.

- The Chief Commissioner of Customs is the principle officer in the organisation and is responsible to the Treasurer and Minister for Finance and now Minister for Border Protection & Immigrations.

- Separated from IRC in late June 2009 by NEC Decision. This Decision allows PNG Customs to better balance its enhanced border protection role with its trade and revenue collection functions.
The Papua New Guinea (PNG) Customs Service has three key functions:

- **Border Security**
  - Facilitate legitimate movement of people and goods across our border while maintaining the integrity and security of the border, ensuring supply chain security and protecting the health and safety of our people.

- **Community Protection**
  - Prevent and detect illicit and counterfeit goods harmful to the community.

- **Trade Facilitation**
  - Facilitate legitimate trade with minimum delay and costs.

- **Revenue Collection**
  - Collect Government revenue and provide reliable trade statistics and economic data.
B. Customs Functions & Outcomes

A1. Border Security and Community Protection

- Facilitate legitimate border movements
- Maintain border integrity and security
- Ensure supply chain security
- Protect the health and safety of the people of PNG
Cont’d….Border Security

Community Protection

We focus on:

- Drugs;
- Counter Terrorism;
- Pornography;
- Firearms;
- Dangerous goods;
- Counterfeit items.
Cont’d…Border Security

Major Outcomes

- Detention of a number of conveyance, Persons of Interest, cargos
- Ongoing targeting of intervention of contrabands,
- Community Hotline program,
- Improving relations with Partner Organisation such as Solomon Islands Customs, Australia Border Force, Indonesia and others in the region,
C. Trade Facilitation

- Facilitate legitimate trade with minimal delay and costs
- Introduction,
  - Post clearance Audits,
  - Cargo manifest audits,
  - Cargo Management reforms,
- Container X-Ray Examination Facility
### PNG Top 5 Trade Partners (2012-2016)

<table>
<thead>
<tr>
<th>Import</th>
<th>Value (K'billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>79.41</td>
</tr>
<tr>
<td>Singapore</td>
<td>10.46</td>
</tr>
<tr>
<td>China</td>
<td>7.68</td>
</tr>
<tr>
<td>Malaysia</td>
<td>4.89</td>
</tr>
<tr>
<td>Japan</td>
<td>3.58</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>106.02</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Export</th>
<th>Value (K'billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>30.90</td>
</tr>
<tr>
<td>Japan</td>
<td>23.10</td>
</tr>
<tr>
<td>China</td>
<td>15.87</td>
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<tr>
<td>Phillipines</td>
<td>7.79</td>
</tr>
<tr>
<td>Taiwan, Province of China</td>
<td>5.23</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>82.89</strong></td>
</tr>
</tbody>
</table>

Australia, China and Japan continue to be PNG’s major trading partners.
PNG - Top 5 Trade Partners – (2012-2016)

- Australia,
- Singapore,
- China,
- Japan
Bougainville – Exports (2012-2016)
Main Exporting Countries of Coca and Copra

- Malaysia
- Indonesia
- Singapore
- Switzerland
Bougainville – Import Commodities

- All imports are from Lae and Rabaul
- Except for some imports Solomon Islands who in most times not declared for Customs purposes,
A3. Protect and Collect Government Revenue

- Collect Government revenue & provide reliable trade statistics and economic data
PNG Revenue Collection – (2012-2016)

<table>
<thead>
<tr>
<th>Years</th>
<th>Actual Revenue Collected</th>
<th>Budget Projections</th>
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<tbody>
<tr>
<td>2012</td>
<td>K2.49 billion</td>
<td>K2.12 billion</td>
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<tr>
<td>2013</td>
<td>K2.35 billion</td>
<td>K2.41 billion</td>
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<tr>
<td>2014</td>
<td>K2.52 billion</td>
<td>K2.63 billion</td>
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<tr>
<td>2015</td>
<td>K2.58 billion</td>
<td>K2.61 billion</td>
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<td>2016</td>
<td>K2.42 billion</td>
<td>K2.67 billion</td>
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<tr>
<td>TOTAL</td>
<td>K12.36 billion</td>
<td>K12.44 billion</td>
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- More than a quarter of the Government Budget for this period
- Minimal deficit of only K8 million for the period

<table>
<thead>
<tr>
<th>Duty</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017 - Buka</th>
<th>Total YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Jan</td>
<td>Feb</td>
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<tr>
<td>Import Duty</td>
<td>106,555.88</td>
<td>144,083.71</td>
<td>97,952.15</td>
<td>111,164.47</td>
<td>-</td>
<td>5,728.87</td>
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<tr>
<td>Local Excise</td>
<td>-</td>
<td>-</td>
<td>915.89</td>
<td>101.33</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Export Duty</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Import GST</td>
<td>-</td>
<td>377,793.98</td>
<td>516,287.73</td>
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<td>124,036.13</td>
<td>7,120.77</td>
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<td>14,112.65</td>
<td>2,570.00</td>
<td>1,000.00</td>
<td>1,000.00</td>
<td>-</td>
</tr>
<tr>
<td>Custa</td>
<td>960.00</td>
<td>2,430.00</td>
<td>2,680.00</td>
<td>8,610.00</td>
<td>660.00</td>
<td>450.00</td>
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<tr>
<td></td>
<td>365,243.43</td>
<td>575,915.37</td>
<td>696,077.74</td>
<td>713,488.80</td>
<td>23,875.26</td>
<td>26,628.22</td>
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<td>Local Excise</td>
<td>377,793.98</td>
<td>542,916.95</td>
<td>503,000.53</td>
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<td>1,423,710.46</td>
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<td>Export Duty</td>
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<td>915.89</td>
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<td>39,925.03</td>
<td>79,267.86</td>
<td>124,036.13</td>
<td>501,916.57</td>
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<tr>
<td>Import Excise</td>
<td>14,112.65</td>
<td>2,570.00</td>
<td>1,000.00</td>
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<tr>
<td>Sundry</td>
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<td>13,920.00</td>
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<td>Custa</td>
<td>365,243.43</td>
<td>575,915.37</td>
<td>722,705.96</td>
<td>740,117.02</td>
<td>2,403,981.78</td>
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Total import duty (2013 – August 2017) is K475,996.07
Total local excise (2013 – August 2017) is K1,403.19
Total export duty (2013 – August 2017) is K’Nil
Total import GST (2013 – August 2017) is K1,526,073.23
Total import excise (2013 – August 2017) is K527,582.42
Total sundries (2013-August 2017) is K19,682.65

**Total for the period is K2,570,027.56**
Achievements

- Papua New Guinea Customs Service Act, 2014
- ASYCUDA World Project in progress,
- Customs Administrative Orders and Standard Operating Procedures,
- Container Examination Facility Program,
Challenges

- Increasing global trade and movement of people and conveyances across the borders,
- Revenue leakages through devaluation, fraud and corruption,
- Revisiting the Tariff & Excise Regime,
Challenges... continue

- Manpower shortages.
- Lack of institutional capacity and capability.
- Training of officers – productivity.
- Border protection capability.
- Standards
Opportunities & Prospects

- Warehouse Facilities, (Review “Gateway Clearance” Policy) Excise Act
  - Beer/Alcohol, Cigarette, Fuel (diesel, petrol)
- Import Duty and Excise Policy,
- Review Exports programs,
- Bougainville Free Trade Zone initiative,
- Investments out of AROB on Customs Programs,
Take Home

- Key outcomes of Customs:
  - Protect our borders and communities
  - Facilitate international trade
  - Collect revenue
- Review Exports programs,
- Design Tariff & Excise Policy,
- Free Trade Zone,
- Assist Customs by reporting suspicious movement of persons, conveyances, business and goods across the border.
I don't care WHO you are!!...you still have to pay duty on the gifts and put that what's-its-name in quarantine!!!
Questions…