



Papua New Guinea Customs Service

P O Box 1830 Port Moresby, National Capital District, Papua New Guinea
Tel: (675) 322 6973/322 6613 Fax: (675) 320 0571
Email: garyjufa@yahoo.com

Office of the Commissioner

23rd February 2010

Honorable Patrick Pruaitch, MP
Minister for Treasury
Department of Treasury
Vulupindi Haus
P. O. Box 710
Waigani 131
National Capital District

My Dear Minister

ACTIVITY REPORT FOR JANUARY 2010

Please find attached is the Papua New Guinea Customs Service Monthly Activity Report for January 2010.

This report captures monthly activity including revenue collections for the month of January 2010 ensuing demerger from Internal Revenue Commission. Hence, PNG Customs Service is pleased to provide independent report on its revenue collection to the state as the stakeholder. As integral part of its mandated tasks, PNG Customs Service will continue to collect all taxes due to the state and provide monthly report in respect of it.

Customs will embrace measures conducive to strengthening its capacity to enhance effective collection of revenues and its performance of other vital functions.

Whilst the report does not contemplate much on PNG Customs other vital roles such as Border Security and Protection of Community, there are sufficient reasons to applaud the concerted efforts of the Customs officers engaged in these two crucial operations. What is been reported in this paper reflects the activities of few selected ports and their results.

Prime Minister, our enhanced ASYCUDA system with network branching to outer revenue generating ports has facilitated automated and instant transfer of revenue data

thus enabling timely provision of report in the future. Monthly Revenue Report will be provided to you early the succeeding month.

For the month of January, Customs collections have greatly exceeded the budget forecast by generous K4.64 million or 3%. This reflects actual collections in the month of January 2010 totaling K141.24 million compared to an expected K136.6 million.

The main contributors to the revenue results of the K4.64 million surplus comprised of higher than expected import and export duties, local and import excise, offset in part by lower than expected receipts of import GST.

Prime Minister, I am pleased to inform you that collections for the year have commenced on a positive note. I can also advise that we are continuing our efforts to introduce and embrace additional revenue focused measures to sustain and maximize revenue collections for the 2010 fiscal year.

Our February 2010 activity report including all urgent and ongoing issues will be finalized and furnished to you in due course and is expected to show a continuation of this positive revenue trend.

Yours sincerely

Gary JUFFA

Commissioner of Customs.

cc:

Chief Secretary
Department of Prime Minister and NEC

Mr. Simon Tosali
Secretary
Department of Treasury

Mr. Wilson Kamit
Governor, Bank of Papua New Guinea

ACTIVITY REPORT FOR MONTH OF JANUARY

A. REVENUE COLLECTION

Revenue Collection Outcomes in January 2010

		Actual Collections	Expected Collections	Surplus/ Shortfall in Collections	Surplus Shortfall (%)
Collections in January	Import Duty	11.8 7	12. 00	- 0.13	-1%
	Import GST	52.5 3	70. 00	- 17.47	-25%
	Import Excise	14.3 5	10. 50	3.85	37%
	Export Duty	18.1 2	9. 80	8.32	85%
	Inland Excise	43.9 5	34. 00	9.95	29%
	Sundry Receipts	1.1 4	0. 30	0.84	280%
Total		141.96	136.60	5.36	4%

(* Collections expressed in 'Million of Kina)

Total Collections in January 2010 – K141.96 million

Summary collections for the month of January 2010 were K141.96 million. This is K5.36 million or 4% higher than the 2010 Budget expectation for January of K136.60 million. Compare to the equivalent prior-year month of January 2009. The result is 4% higher than the K135.90 million collected in that month.

Total duties collected were above projected receipts for January 2010 for import excise, export duties and inland excise. Material variations in total indirect taxes comprise stronger than expected import excise (+K3.85 million), export duties (+K8.32 million) and inland excise (+K9.95 million) paid to Waigani offset by lower import duties (-K0.13 million) and import gst (-K17.47 million)

Surplus of K8.32 million - January 2010 Export Duties Collections

Export Duties collections of K18.12 million in January 2010 were K8.32 million above projections and 111% above the amount collected for the equivalent period last year. The rise in the export duty was due to increase in the volume of log exports.

The logging ports that contributed toward export duties for the first month of 2010 in descending orders were:

- Vanimo accounted for K7.53 million or 42% of total export duties collected,
- Kimbe collected K2.68 million, 15% of total export duties,
- Daru collected K1.46 million, 8% of total export duties,

- Madang collected 1.24 million, 7% of total export duties,
- Kavieng collected 1.18 million, 7% of total export duties,
- Rabaul collected K1.07 million, 6% of total export duties,
- and Port Moresby accounted for K1.04 million or 6% of total export duties.

Surplus of K9.95 million - January 2010 Inland Excise Collections

Inland Excise collections for the month of January 2010 totaled K43.95 million which was K9.95 million (29%) more than the Budget forecast of K34.00 million, and 29% above the amount collected for the equivalent period last year.

Only two major ports collected this revenue for the first month of 2010. Port Moresby accounted for the vast 85% or K37.19 million while Lae made up the remaining 15% or K6.75 million.

Surplus of K3.85 million - January 2010 Import Excise Collections

Import Excise collections of K14.35 in January 2010 were above K10.50 million projections and 37% above the amount collected for the equivalent period last year. The rise in this collection was due to increase in vehicle imports.

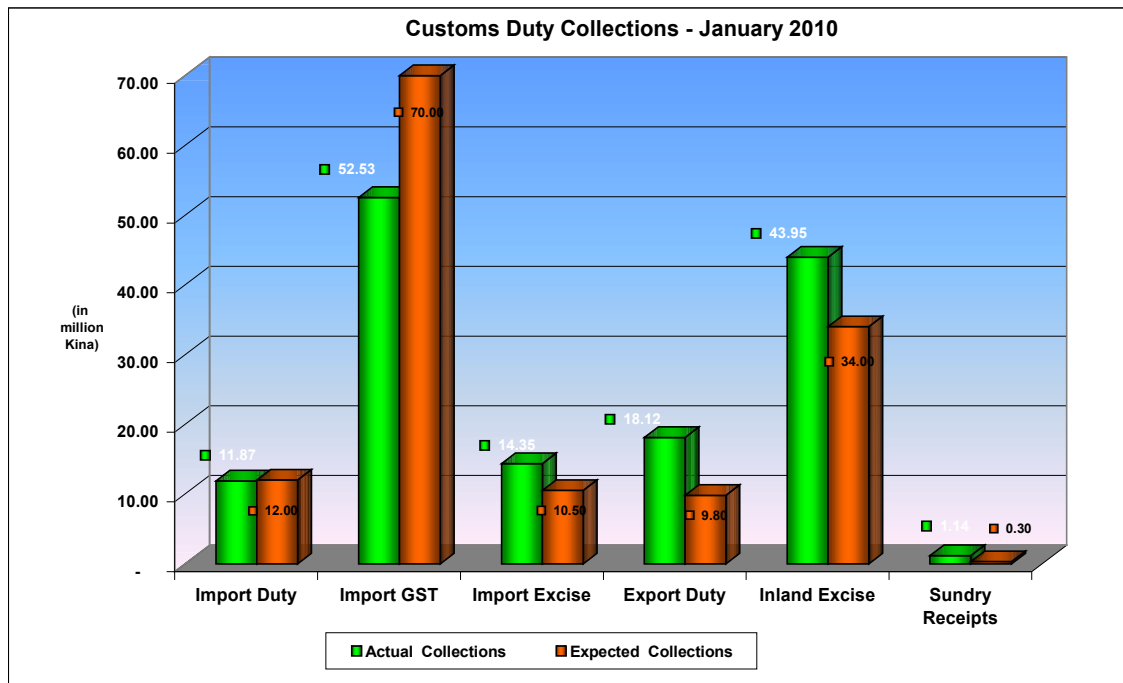
Shortfall of K13.80 million - January 2010 Import GST Collections

Import GST collections for the month of January 2010 of K52.53 million was weaker than projection, with short fall of K17.47 million (or 25%) compared to the Budget estimate of K70.00 million. The major indicator in the shortfall was comparative in the fall in import volume especially the fall in those imports that do not attract import duty or charged at zero duty rates.

** Note: IRC could also be reporting GST component in its monthly revenue collections including the GST refunds. For reporting purposes PNG Customs will also report import GST collected from all imports.*

Import duty was K11.87 million only 1% short of target K12.00 million while import excise K14.35 million was above the expected K10.50 million.

The revenue performances of Customs related taxes for the month of January 2010 are illustrated by the following graph:-



B. TRADE FACILITATION, BORDER CONTROL AND COMMUNITY PROTECTION ACTIVITIES

Customs Activity Outcomes in January 2010

	Total	Comments
Number of officers	192	Officers at operation level. 33 IEOs
Officers at work	173	Exclude officers on recreational-leave
Number of import entries	8,513	Declared imports
Import examinations	103	Red lane imports. 30 CC&A officers
Number of export entries	753	Declared exports.
Cargo examination	45	
Number of ships cleared	210	Inward and outward clearance. >20 boarding officers
Ship search	26	Logs ships
Number of aircrafts cleared	327	Including hired and light unscheduled aircrafts
Passengers inbound/outbound	31,732	> 20 passenger processing officers
Plane search	15	Done by boarding officers plus sanctioned officers
Ships crew searched	109	Done together with ship search
Detections	1	Removal of vehicles from Customs control
Prosecutions	3	Duty evasions. All 3 cases pending
Seizures	0	

Trade Facilitation

Our regular efforts in maintaining the role in facilitating trade for legitimate traders a total of 9,266 entries were assessed and cleared, 8,513 comprised of import entries and 753 export entries. That is equivalent to assigning 308 entries to per invoice examining officer. On average 9 entries per day for each officer to assess is quite laborious in terms of work load. Under such immense pressure Customs was able to clear 9,266 imports and exports declarations for the month of January 2010.

Community Protection

Community protection is also a core function of Customs in terms of checking illegal items and imports. Suspicious imports and all persons who entered PNG have been thoroughly checked together with their belongings. With constraint of only 30 examiners a mere 148 container inspections carried out for both import and cargo. Only those that went through red lanes in our enhanced ASYCUDA system were subjected for inspections. The rest were cleared through proper document checks.

On record 210 ships were cleared by the 20 boarding officers around the country of which only 26 confirmed logs ships went through search together with its onboard 109 ship crews.

Total of 327 aircrafts cleared by customs. Report showed 15 hired planes plus light unscheduled aircrafts went through thorough checks without detecting any object of illegal nature.

Border Control

Report on border security and control in the January 2010 could not be elaborated due to resource constraints at the sea and land borders except for Wutung where Customs activities were reported.

A sum of 31,732 inbound and outbound passengers passed through Customs clearance through out the country in the month of January 2010. Facilitated by 20 Customs officers all passengers passed clearance with no detection of irregularities and other issues of Customs concern in the same month.

Customs has taken over Immigration roles and did passport control at departures and arrivals in all international terminals. With limited man power Customs managed to check all passengers and completed necessary clearance in the first month

Enforcement

Following were enforcement activities undertaken in the month of January 2010;

Revenue Recoveries

Through information analysis from our intelligence Customs had investigated and recovered a sum of K711, 731.12 from seemed to be possible duty evasion. Vehicles were removed from Customs control area but quick actions by enforcement division had resulted in this recovery.

Detection

Two detections done in the month of January led to recovery of the above amount and another undisclosed amount which duties have been paid but receipted in the month of February. It will be accounted for in February report.

Seizures

No seizures being reported in the month of January 2010.

Prosecutions

Three persons with their identities were referred for possible prosecution by Customs enforcement division. The cases are still pending and the progress will be updated in one of the subsequent monthly reports.

Revenue Loss

Substantial revenue has been foregone in the month of January due to various concessions on duty exemptions.

Urgent Concerns

With unlimited constraints Customs was able to maintain its reputation by performing well but below par in its mandated roles in the month of January 2010.

Currently Customs has a shortfall in its budget allocation for 2010 and if there is little reconsideration in our Budget resubmission it will definitely have impacts in the over all functions. There will be chain of repercussions in certain areas of Customs operations. The mostly affected areas will be border controls where it will be difficult to contain the influx of illegal borders crossers and imports, Revenue recoveries from defaulters around the country and Trade Facilitation where lots of delays will be ensued in the clearance process where we are already experiencing shortage of man powers at the ports.