



PNG EXTRACTIVE INDUSTRIES
TRANSPARENCY INITIATIVE
NATIONAL SECRETARIAT



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BRIEF INFORMATION SESSION ON PNGEITI, ITS PURPOSE AND NEED FOR SPECIFIC INFORMATION TO BE CAPTURED IN THE FY2019 REPORT

Date: 22nd September 2020
Venue: Customs Meeting Room
Start Time: 11:00am -12:00pm

Attendees: Customs [Wilma Seolo, Racheal Gau, Dagi Kora & Julie Metlem], Ernst & Young [Leonard Catalon & Guldana Mushyelbai] and the PNGEITI National Secretariat Team [Oliver Maingu, & Sarita Peai]

Scribe: Sarita Peai

Chairing: Oliver Maingu, Stakeholder Engagement Officer – PNGEITI NS

Minutes

Discussion items:

Mr. Oliver Maingu formally opened meeting with the introductory and opening remarks and then provided an overview on the background of PNGEITI and the progress made to date. Leonard from Ernst & Young also made few remarks on the purpose of EITI and what needs to be captured in the EITI Report. The main agenda for discussions then followed suit.

i. Customs Updates

Customs through the meeting made mentioned that this was their first time to have a meeting with the EITI team, however from records; Customs have been attending several meeting/workshops but no data was extracted and reported on from their end for EITI purposes.

Leonard Catalon from EY then made mentioned of what EITI is supposed to report on stating that, "EITI is supposed to be a report where transparency is being reported for all extractive related industries. Transparency means what do the citizens of PNG get from these industry companies [Oil & Gas] what do/are they benefiting from". This is the publicly asked question

and very controversial topic when it comes to the extractive companies. Therefore, this report [EITI Report] should be the avenue for transparency.

For Customs, there is a need to understand what the EITI Report needs to capture is the information from the extractive industries such as the mining, oil & gas in relation to recurring fees/ payments made to Customs. And other fees as well such as how much levies, taxes or custom duties they pay throughout the year and how much of the production or export volumes.

For the 2018 FY Report, there are some data/information missing in the report in relation to how much Customs receive [all related taxes, duties & fees and also export volumes] from extractive industries. Customs would be the best source of information because it is the mid-point from overseas and local/PNG transactions.

What do the extractive industries pay to Customs from both imports & exports relating to extractive industries? Customs collect import duties in the form of cash payments via electronic transfers/online payments from imports made from the extractive industries. For export duties for extractive industries, Customs do not collect export duties however; they only facilitate the export and collect the data/information on the export volumes and values. Customs also collect GST however only import GST at 10% rate all across and not export GST from extractive industries.

Customs collect the import GST on behalf of IRC and automatically remits the accrued figure/amount straight to them. Once the collection is made, the receipts are forwarded to the Consolidated Revenue Account [CRA]. It is the accounts officer's job to differentiate the type of receipts and divert/transfer to IRC and others accordingly. Most extractive industries are on the *GST Deferral Scheme* so they simply do not pay GST. Customs only collect the internal revenue part of the GST, not any other GST. The GST that comes in the border is collected by Customs. All GST's are collected by Customs and remitted to IRC because it is the product of IRC. For import/export and excise duties, Customs collects and forward to CRA.

Local excise is to be paid by the manufacturer. Nevertheless, if in the case the extractive industries happen to buy product within PNG and needed to ship to another location within the country, the manufacturer pays the import duties to Customs and not the extractive industry companies.

For the extractive industries-, mining & gas projects are exempted from paying duties under State Agreements.

Most of Mining & Petroleum Projects are State Projects so what Customs does it that it does not expose the data not because of confidentiality/privacy purposes however due to the reason being to protect the interest of the extractive industry companies. Customs is the implementing entity and every importer and exporter has the right to do business and they have the right to expand and grow as much as possible. Extractive Industries data goes along with their activities so Customs will not give an open data rather request to get authorization from their Commissioner to access this information.

Most of the extractive industries are subject to their regulating authorities/entities such as CEPA, MRA, IPA, IRC and other agencies that control the type of data on license & permit fees. Regulating entities collect these fees but not Customs. It only facilitates the exportation of products.

Customs ensure that the extractive industries permits are certified by the regulatory entities [CEPA, MRA, etc.] and then it facilitates the exports of the extractive industries.

Resolution:

- *PNGEITI Team together with the Consultant-EY to write to the Chief of Commission for Customs to have access to this information. Which a letter of request seeking approval from the Commissioner for specific data for the purposes of EITI reporting had already been sent to Customs. Now awaiting formal response to further proceed to information access/reports.*
- *IA to forward the reporting template to Customs once approval is given so Customs to work on the data that is missing in the FY2018 Report.*

With no other businesses for discussion, Mr. Maingu thanked the Customs team for their participation and the meeting was closed at 12:00pm.



Stakeholder Engagement Officer
Mr. Oliver Maingu
Chairperson