

Customs (Amendment) Bill 2009

Second Reading Speech

Hon Mathew Batsiua MP, Minister for Justice

22 December 2009

Mr Speaker,

I have introduced to this House today a Bill for an Act to amend the *Customs Ordinance 1922-1967*.

The *Customs (Amendment) Bill 2009* is a short Bill that would make three main changes to the *Customs Ordinance 1922-1967*. The first of these small but significant changes would remove the default exemption from duty that currently applies to property of the Republic. Mr Speaker, there are many instances where the imposition of customs duty on property of the Republic or its instrumentalities is justified. For example, many government instrumentalities operate commercial enterprises. Of course, when goods are imported for non-commercial government activities, they should remain free of customs duty. However, it is important for government to have control over exemptions from duty, to ensure duty is paid where this is justified. In addition, government should have the ability to exempt property other than property of the Republic, for example, property imported for a donor-funded project.

The amendment would therefore remove the default exemption, but give Cabinet the power to exempt a person from the requirement to pay duty. There would be three methods of exemption - exemption by regulation, exemption by written agreement and exemption by written Cabinet decision. A register would be kept of exemptions given other than by regulation for record keeping purposes.

The second significant amendment clarifies the time at which import duty is payable by specifying that duty is payable before the goods are delivered to the owner of the goods, unless the regulations provide otherwise. This is an important change because it enables the customs authorities to demand immediate payment of duties. Currently, many importers utilise a 30 day billing period provided for by the General Customs Duties (Mode of Collection) Regulations, meaning that they take possession of the goods before paying the required duty. Unfortunately, a number of importers are in default, and yet are able to continue to access their goods under the 30 day billing period system. It is proposed to amend these regulations to restrict the use of the 30 day billing period to importers who do not owe outstanding amounts of customs duty. The amendment to the Act proposed by this Bill ensures that the default payment position is payment before delivery, with the 30 day billing period allowed in certain cases as prescribed by the regulations.

The final major amendment is an amendment to the forfeiture power that would allow goods to be forfeited if duty is outstanding, providing that the regulations provide a procedure for forfeiture. The regulations would be amended to provide a fair procedure for forfeiture of goods as an enforcement measure of last resort.

Mr Speaker, the efficient imposition and collection of customs duty is vital to the economic welfare of Nauru. These amendments, although small, would correct important anomalies in the legislation, and provide for a fairer and more consistent approach to customs administration.

I commend the Bill to the House.

Thank you, Mr Speaker.