



# SHADOW MINISTER FOR TREASURY & FINANCE

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## Government forcing up prices in 2019

“As we try and welcome in the New Year in 2019, families will be asked to pay lots more for basic food and commodities because of new taxes imposed by the O’Neill/Abel government. Over 70 new tax increases have been imposed by PNC from 1 January 2019. This includes a 15% tax increase for wheat flour used for making basic items such as bread – lifting the tariff level to a massive one-quarter of imported costs. You can get around this tariff increase, but only if you buy a bag of flour that weighs over 50 kilograms. This is economic lunacy! There is not even a wheat industry in PNG so the government cannot use its usual protectionist, anti-APEC arguments. How can the government justify such an increase?” asked the Shadow Minister for Treasury and Finance, Ian Ling-Stuckey.

“Families in PNG are already struggling under the cost of living. So why is the government imposing an additional tariff tax of K1.70 per kilogram on all imported fresh chicken pieces? This will lift the tariff tax up from K1.80 per kilogram to K3.50 per kilogram. Surely our chicken industry doesn’t need such a high tariff level! Surely our people should not be slugged with such price increases just to meet excess profits for government besties and cronies.

“When the government imposed a 25% tax on imported fresh milk last year, it claimed that the cost of milk would halve. Treasurer Abel claimed on 12 January last year that he understood the tariff tax would only apply to fresh milk and not to UHT milk. So I have been waiting for the price of UHT milk to halve to K3 per litre or less! We know that has not happened because Abel lied to the people of PNG! In the tariff tax increases from 1 January 2019, with all of the additional tariff lines applying to milk products, it has been confirmed that the new milk tax will apply to all UHT milk. The new 25% tariff will also apply to all creams, yogurt and ice-creams. This is a flip flop Treasurer who tells the people one year that the government’s intent was not to apply the massive

new tax to UHT milk, but then he introduces a bill that does exactly that. The government has been caught out lying. Again! We support new investment in our agriculture sector, and encourage entrepreneurs to bring back new industries such as dairy products. But this needs to be done in ways that do not involve massive government subsidies of 50% of equity start-up costs, or backed by massive tax tariffs which hurt the cost of living facing families" stated the Shadow Treasurer.

"We know that there is a housing shortage in PNG and the cost of accommodation is too high. So why does the government impose a 50% tax tariff on timber and metal products vital for building a house? What has happened to justify an increase in tax tariffs on plywood, blockboard, laminboard and batten board from 30% to 50%. Our timber manufacturing industry should be becoming more efficient, which is why the tariff reduction program had legislated to cut the tariff level to 25%. Why lift the tax tariff from 25% to 50%? Do such firms now need to make excess profits to pay others like politicians? Surely our manufacturers can produce items such as wood furniture without a 50% tariff level that imposes excessive costs on the people of PNG!

"The O'Neill/Abel PNC government is out of touch. It does not understand the cost of living burden facing PNG families. We keep seeing policies that simply are in the interests of the government besties and cronies. The government's protectionist policies such as these over 70 new tariff increases are totally contrary to the spirit of APEC and its trade liberalisation agenda. Such PNC policies destroy incentives for sustainable growth while also slugging the people of PNG. This is not a good start to 2019" said Mr Ling-Stuckey.

**Hon.Ian Ling-Stuckey,CMG.MP**  
**Shadow Minister for Treasury & Finance**

2 January 2019

## Details

As part of the 2019 Budget, the PNC government introduced changes to the Customs Tariff Bill. An extract of the front page of this bill is below. There are 37 pages in this bill and it can be obtained from the PNG Treasury website.

The front page extract shows the types of increase included in part 'a' of the bill. These show the additional increases in products such as chicken products and dairy. UHT milk on average has a fat content of around 3.6%, and is clearly covered in the new tax increases.

Drafted of 8/11/2018.



A BILL

For

AN ACT

entitled

*Customs Tariff (2019 Budget)(Amendment) Bill 2018,*

Being an Act to amend the *Customs Tariff Act 1990*,

MADE by the National Parliament -

- (a) for Section 1(a), to come into operation on 1 January, 2019; and
- (b) for Section 1(b), deemed to have come into operation on 1 January, 2018; and
- (c) for Section 2, to come into operation on 1 January, 2019.

**I. AMENDMENT OF SCHEDULE 1. - RATES OF IMPORT DUTY.**

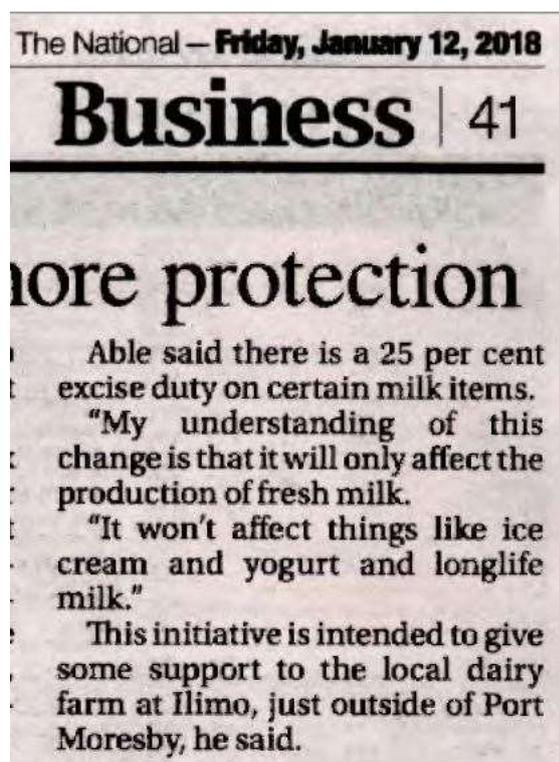
Schedule 1 of the Principal Act is amended by:-

- (a) repealing the tariff item, description of goods and the rates of import duty and replacing them with the tariff item, description of goods and tariff rates and remarks shown below -

Tariff Item.	Description of Goods.	Duty Rate until 31st Dec 2018.	Duty Rate on and From 1st Jan 2019.
<b>02.07</b>	<b>MEAT AND EDIBLE OFFAL, OF THE POULTRY OF HEADING 01.05, FRESH, CHILLED OR FROZEN.</b>		
0207.11.00	Not cut in pieces, fresh or chilled	K1.80 per kg.	K3.50 per kg.
<b>0207.14</b>	<b>Cuts and offal, frozen</b>		
0207.14.90	Other	K1.80 per kg.	K3.50 per kg.
<b>0305.4</b>	<b>SMOKED FISH, INCLUDING FILLETS, OTHER THAN EDIBLE FISH OFFAL:</b>		
<b>0305.49</b>	<b>Other</b>		
0305.49.90	Other	15%	25%
<b>04.01</b>	<b>MILK AND CREAM, NOT CONCENTRATED NOR CONTAINING ADDED SUGAR OR OTHER SWEETING MATTER.</b>		
<b>0401.1</b>	<b>Of a fat content, by weight, not exceeding 1%.</b>		
0401.10.10	UHT processed in retail sale packages	Free	25%
0401.10.20	Cream	Free	25%
0401.10.90	Other	Free	25%
<b>0401.2</b>	<b>Of a fat content, by weight, exceeding 1% but not exceeding 6%.</b>		
0401.20.10	UHT processed in retail sale packages	Free	25%
0401.20.20	Cream	Free	25%

In January last year, Treasurer Abel (he is certainly not an Able Treasurer!), covered in the National on Friday 12 January, he is quoted as stating 'Able (sic) said there is a 25 per cent excise duty on certain milk items. 'My understanding of this change is that it will only affect the production of fresh milk. It won't affect things like ice cream and yoghurt and long-life milk'.

So what has changed since last year? Clearly there was some confusion as the tariff changes were poorly drafted. But if the Treasurer didn't want the tariff increases to apply to UHT milk, why has he taken another bill through Parliament (opposed by the Alternative Government) which clearly makes this change which will hurt PNG families?



Below are further extracts covering the increase in flour costs, but only for bags weighing less than 50 kilograms!

11.01	<b>WHEAT OR MESLIN FLOUR.</b>		
1101.00.1	<b>Wheat or meslin self-raising flour, retail and bulk.</b>		
1101.00.11	Retail packaging less than 50kg	10%	25%
1101.00.19	Bulk Packaging more than 50kg	10%	Free
1101.00.9	<b>Other</b>		
1101.00.91	Retail packaging less than 50kg	10%	25%
1101.00.99	Bulk Packaging more than 50kg	10%	Free
16.04	<b>PREPARED OR PRESERVED FISH; CAVIAR AND CAVIAR SUBSTITUTES PREPARED FROM FISH EGGS.</b>		
1604.14	<b>Tunas, skipjack and atlantic bonito.</b>		
1604.14.10	Canned tuna	10%	25%
1604.14.20	Canned skipjack	10%	25%
1604.14.30	Canned Atlantic bonito	10%	25%
1604.14.90	Other	10%	25%
1604.15	<b>Mackerel</b>		
1604.15.10	Canned Mackerel	12.5%	25%
1604.15.90	Other	12.5%	25%
1704.9	<b>Other</b>		
1704.90.10	Boiled sweets	15%	30%
1704.90.20	White chocolate	15%	30%
1704.90.90	Other	15%	30%

An extract covering some of the building product increases follows:

4412.3	<b>Other plywood, consisting solely of sheets of wood (other than bamboo), each ply not exceeding 6 mm thickness:</b>		
4412.31.00	With at least one outer ply of tropical wood	30%	50%
4412.33.00	Other, with at least one outer ply Of non-coniferous wood Of the species alder (Alnus spp.), ash (Fraxinus spp.), beech (Fagus spp.), birch (Betula spp.), cherry (Prunus spp.), chestnut (Castanea spp.), elm (Ulmus spp.), eucalyptus (eucalyptus spp.), hickory (Carya spp.), horse chestnut (Aesculus spp.), lime (Tilia spp.), maple (Acer spp.), oak (Quercus spp.), plane tree (Platanus spp.), robinia (robinia spp.), tulipwood (Liriodendron spp.), or walnut (Juglans spp.).	30%	50%
4412.34.00	Other, with at least one outer ply of non-coniferous wood not specified under Subheading 4412.33.	30%	50%
4412.39.00	Other, with both outer plies of coniferous wood.	30%	50%
4412.9	<b>Other:</b>		
4412.94.00	Blockboard, laminboard and batten board	30%	50%
4412.99.00	Other	30%	50%
44.20	<b>Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, of wood; Statuettes and other ornaments, of wood; wooden articles of furniture not falling in chapter 94.</b>		