

Republic of Nauru – 20th Parliament

Customs (Rates of Duty) Bill 2010

Second Reading Speech

By Hon Mathew Batsiua MP, Minister for Justice and Border Control

1 November 2010

Mr Speaker,

The customs laws of Nauru are currently found in three separate pieces of legislation:

- the *Customs Act* 1921-2009 (which started out life as the *Customs Ordinance* 1921 of the Territory of New Guinea);
- the *Customs Ordinance* 1922-1967 (which was originally entitled the *Customs Regulations Ordinance* 1922); and
- the *Customs Tariff Act* 1997-2007.

If passed, this Bill will replace the last of these. The *Customs Tariff Act* has become unwieldy and needs updating, to ensure that measures for the collection of customs revenue remain comprehensible, both for the benefit of importers and for those charged with administration of the law.

The basic framework for the rates at which customs duty is assessed, as provided for in this Bill, will be familiar to those who have imported goods under the existing law. However, the opportunity has been taken to introduce a few new concepts.

The first of these concerns the use of codes from what is known as the Harmonised System, or 'HS'. This is an internationally-adopted system of codes for the classification of goods for customs purposes. Use of the Harmonised System allows customs officers and importers to more easily ascertain the rate of duty leviable in respect of goods imported into Nauru. Furthermore, by identifying the appropriate

HS code for imports, the government will be better able to utilise statistics software to keep track of the quantities and nature of these goods.

The second of the new ideas relates to the introduction of a sliding scale for duty levied in respect of certain goods, the use of which the Government wishes to discourage for health reasons. These are alcohol, cigarettes and other tobacco products. While a sliding scale for cigarettes and tobacco was introduced in 2006, it was only in effect until 30 June this year. If this Bill is adopted, the rates of duty in respect of the items listed in Schedule 1 will increase by 5 per cent every year on 1 July. This is aimed at gradually increasing the price to consumers of these items, an approach which has been demonstrated internationally as an effective means of discouraging their consumption and use.

The Bill also has provision for a minor consequential amendment to the *Customs Act 1921-2009*, and corrects certain cross-referencing errors which inadvertently crept into the *Customs (Amendment) Act* passed by this House last year.

Mr Speaker, I commend this Bill to the House.

Thank you.