



Papua New Guinea

**DEPARTMENT OF FINANCE**  
**Office of the Secretary**

**FINANCIAL INSTRUCTION 03/2022**

**19<sup>th</sup> April 2022**

**SUBJECT: REVOCATION OF THE COLLECTION AND ADMINISTRATION OF FEES AND CHARGES UNDER PUBLIC FINANCES (MANAGEMENT) ACT FOR CLIMATE CHANGE MANAGEMENT ACT**

## **1. AUTHORITY**

**1.1** This Finance Instruction (FI) is issued under Section 117 of the *Public Finances (Management) Act 1995* (PFMA), by the Secretary for Finance as the Departmental Head responsible for financial management may issue FI that are necessary or desirable for the proper control and management of public moneys and public property.

### **1.2 Legality & Enforcement**

Pursuant to Section 4 (1) of the PFMA, the Finance Secretary has control and direction of matters relating to the management of the financial affairs of the state.

### **1.3 Precedence**

This Finance Instruction 02 of 2022 supersedes FI -01 of 2021, issued 29<sup>th</sup> /01/2021.

## **3. APPLICATION**

### **3.1 Application of Finance Instruction**

This Financial Instruction applies to the following state agencies:

- (a) All public and Statutory bodies;
- (b) PNG Customs Service; and
- (c) PNG Immigration and Citizenship Service Authority; and
- (d) Any domestic producer or manufacture of motor spirit (gasoline) including Aviation spirit, Jet A1, Kerosene, diesel or heavy fuel oils.

### **3.2 Revocation of Finance Instruction 01 of 2021**

This FI applies to the revocation of FI- 1/2021 and ceasing of the implementation of the collection of fees & charges (the determination) by the Minister for Finance and Rural Development under the Public Finance (Management) Act for the Climate Change (Management) Act which was published in the National Gazette G673 of October, 2021, a copy of which is attached to this FI.

## **4. PURPOSE**

This Instruction is designed to revoke FI - 1/2021, which was previously issued on the fees & charges determined under the *Public Finances (Management) Act, 1995* (as amended) in respect of the *Climate Change (Management) Act* are collected and administered under the laws of Papua New Guinea.

## **5. BACKGROUND**

**5.1** In 2015, the *Climate Change (Management) Act* was passed in Parliament. The Act established a Statutory Body called Climate Change & Development Authority (CCDA).

The Section 71A of the *PFMA 1995 (as amended)* gives the power to CCDA to collect climate change fees & charges and a Gazettal Number 673 was published to effect the collections. The FI – 01/2021 was issued for the collection of the fees and charges determined under the *PFMA, 1995 (as amended)* in respect of the *Climate Change (Management) Act*

The collection of fees and charges under the *PFMA* for the *Climate Change (Management) Act* included:

- (a) Carbon Levies of Fossil Fuels;
- (b) Carbon Levies on Locally Produced Fossil Fuels;
- (c) Carbon Levies on Imports of Nitrogen Synthetic Fertilizers; and
- (d) Green Fees
- (e) And any domestic producer or manufacture of motor spirit (gasoline) including
- (f) Aviation spirit, Jet A1, Kerosene, diesel or heavy fuel oils.

**5.2** However, the relevant public and private stakeholders have raised issues on the collection and imposition of fees & charges collected under *PFMA* for *Climate Change (Management) Act* citing that these fees & charges are taxes and not non-tax revenues. The Legal advice sought from the Office of State Solicitor had confirmed that CCDA fees & charges were not non-tax revenues but considered tax and as such the CCDA fees & charges should be authorised by the Parliament.

**5.3** The State Solicitor's Office had further advised that *Section 71A of the PFMA (as amended)* is not in consistent with *Section 209 of the Constitution*. CCDA had been further advised to do its own legislative amendments factoring its fees & charges for Parliamentary endorsement.

## 6. REVOCATION OF FINANCE INSTRUCTION 01 OF 2021

### 6.1 Revocation of Finance Instruction

This FI applies to the revocation of FI- 1/2021 and ceasing of the implementation of the collection of fees & charges (the determination) by the Minister for Finance and Rural Development under the *Public Finance (Management) Act* for the *Climate Change (Management) Act* which was published in the *National Gazette G673* of 12<sup>th</sup> October, 2020, a copy of which is attached to this FI.

### 6.2 Ceasing of the collection of fees and charges include:

- (a) Carbon Levies of Fossil Fuels;
- (b) Carbon Levies on Locally Produced Fossil Fuels;
- (c) Carbon Levies on Imports of Nitrogen Synthetic Fertilizers;
- (d) Green Fees; and
- (e) And any domestic producer or manufacture of motor spirit (gasoline) including Aviation spirit, Jet A1, Kerosene, diesel or heavy fuel oils.

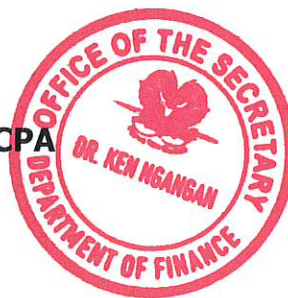
## 7. DATE OF IMPLEMENTATION

This Finance Instruction is effective as of the date of the signing by the Secretary.

## 8. HELP DESK

Should you require further information, please contact: Mr. Gabi Kila, First Assistant Secretary, Non-Tax Revenue Division, Department of Finance, Telephone number 7998 6000. Email [gabi\\_kila@finance.gov.pg](mailto:gabi_kila@finance.gov.pg).

  
**DR. KEN NGANGAN, OBE PhD CMA CPA**  
Secretary



Date: 28 / 4 / 22