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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

CUSTOMS DEPOT LICENSING CHARGES BILL 1996

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Industry, Science and Tourism,
the Honourable John Moore, MP)



CUSTOMS DEPOT LICENSING CHARGES BILL 1996

OUTLINE

This Bill is one of three in the legislation package for the implementation of a cost recovery regime for import related services delivered by the Australian Customs Service, which was announced by the Government in the 1996-97 Budget.

The 3 Bills in this legislation package provide the legislative authority for the imposition and collection of 13 charges and fees for import related services delivered by the Australian Customs Service. The 13 imposts are located in 2 new charges Bills (of which this is one) and the Customs Amendment Bill (No. 2) 1996, as follows:

- Import Processing Charges Bill 1996

This Bill contains charges 1 to 7, dealing with the import entry and cargo reporting charges imposed on the importer of the goods, or the air or sea cargo reporter in respect of the goods, as follows;

Fee or Charge	Item	Amount
1	Import Entry via sea (lodged electronically)	\$29.65 plus \$0.20 per line after line 10
2	Manual Import Entry via sea	\$51.40 plus \$1.00 per line after the first line
3	Import Entry via air or post (lodged electronically)	\$22.80 plus \$0.20 per line after line 10
4	Manual Import Entry via air or post	\$44.55 plus \$1.00 per line after the first line
5	Manual Reporting charge for sea cargo	\$2.60 per manifest line
6	Manual Reporting charge for air cargo	\$3.00 per house or straight line air waybill
7	'Screen Free' charge for air cargo requiring no import entry	\$2.40 per house or straight line air waybill

- This Bill - Customs Depot Licensing Charges Bill 1996

This Bill contains charge 10, which imposes charges that are associated with the new depot licensing regime for paragraph 17(b) Customs Act premises, appointed for the examination of goods, or for the consolidation of goods for export or the deconsolidation of goods after importation (ie. the Customs depots), as follows;

Fee or Charge	Item	Amount
---------------	------	--------

- | | | |
|----|---|--|
| 10 | Licensing Charge for former 17b premises or new depots (new Part IVA - of the Customs Act | <p>\$1000 for initial depot licence application for an existing 17(b) operator</p> <p>\$3000 per depot licence application for new applicants</p> <p>\$4000 per annual depot licence</p> |
|----|---|--|

• Customs Amendment Bill (No. 2) 1996

This Bill contains:

- i) fees 8 and 9, relating to the processing of those entries which are required to move imported goods out of a warehouse and into home consumption (items 5 and 19 of Schedule 1 of the Bill refer); and
- ii) the replacement fees currently contained in the Customs Act for:
 - the processing of applications for refund of customs duty under section 163 of the Customs Act (fees 11 and 12)(items 26 and 27 of Schedule 1 of the Bill refer); and
 - the provision of officers' services either out of hours, or at locations where such services are not usually provided, under section 28 of the Customs Act (fee 13)(items 7 and 8 of Schedule 1 of the Bill refer).

The 5 fees payable under this Bill are at the following rates;

Fee or Charge	Item	Amount
---------------	------	--------

- | | | |
|----|---|---|
| 8 | Import Entry ex-warehouse (lodged electronically) | \$5.00 plus \$0.20 per line after line 10 |
| 9 | Import Entry ex-warehouse (lodged manually) | \$26.75 plus \$0.80 per line after the first line |
| 11 | Refund Application Fee (lodged electronically) | \$45.00 per application |
| 12 | Refund Application Fee (lodged manually) | \$65.00 per application |
| 13 | S.28 Location fee and Overtime Fee | \$37.00 location fee or \$40.00 overtime fee per hr or part thereof + transport costs |

FINANCIAL IMPACT STATEMENT

The 13 charges and fees in this legislation package are expected to result in the following increases in revenue:

- **Import Processing Charges Bill 1996**

Fee or Charge Item	1996/97 Half Year Only	1997/98 First Full Year	1998/99
1	12,193,000	24,386,000	24,386,000
2	292,000	585,000	585,000
3	15,157,000	30,314,000	30,314,000
4	428,000	855,000	855,000
5	817,000	1,635,000	1,635,000
6	595,000	1,190,000	1,190,000
7	1,355,000	2,710,000	2,710,000
Gross Revenue	30,837,000	61,675,000	61,675,000
Less current revenue -	8,792,000	17,584,000	17,584,000
from IT(computer) charges			
Nett Revenue Effect	22,045,000	44,091,000	44,091,000

- **This Bill - Customs Depot Licensing Charges Bill 1996**

Fee or Charge Item	1996/97 Half Year Only	1997/98 First Full Year	1998/99
10			
Gross Revenue	1,110,000	1,470,000	1,470,000
Less current revenue	0	0	0
Nett Revenue Effect	1,110,000	1,470,000	1,470,000

- **Customs Amendment Bill (No. 2) 1996**

Fee or Charge Item	1996/97 Half Year Only	1997/98 First Full Year	1998/99
8, 9, 11, 12, 13			
Gross Revenue	1,726,000	3,453,000	3,453,000
Less current revenue from these activities			
8,9 - Ex Warehouse fees (S.85)	475,000	951,000	951,000
IT(Computer) Recovery (4.2%)	407,000	815,000	815,000
11, 12 - Refund Applications (S.163)	431,000	861,000	861,000
13 - Overtime, Off.Services (S.28)	227,000	454,000	454,000
Nett Revenue Effect	186,000	372,000	372,000

- **All 3 Bills**

Total Gross Revenue	33,673,000	66,598,000	66,598,000
Less			
Total current revenue	10,332,000	20,665,000	20,665,000
Total Nett Revenue Effect	23,341,000	45,933,000	45,933,000

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NOTES ON CLAUSES

Clause 1 - Short Title

This clause provides for the Act to be cited as the *Customs Depot Licensing Charges Act 1996*.

Clause 2 - Commencement

This clause provides for the Act to commence at the same time as item 25 of Schedule 1 of the *Customs Amendment Act (No. 2) 1996* commences. Item 25 of Schedule 1 of the *Customs Amendment Act (No. 2) 1996* inserts new Part IVA into the *Customs Act 1901*, which sets out the administration provisions for the implementation of the new customs depot licensing regime. Accordingly, it is necessary for the administration and companion charging provisions to commence at the same time.

It is proposed to proclaim 1 January 1997 as the commencement date of the new depot licensing provisions.

Clause 3 - Definitions

This clause provides definitions of certain terms which are used throughout the *Customs Depot Licensing Charges Act 1996*, as follows:

commencement day means the day on which Part IVA of the *Customs Act 1901* (the Customs Act) commences. New Part IVA is to be inserted by item 25 of Schedule 1 of the *Customs Amendment Act (No. 2) 1996* and subsection 2(2) of that Amendment Act provides that, inter alia, item 25 commences on a day or days to be fixed by Proclamation. The proposed commencement date of the new depot licensing regime is 1 January 1997;

Customs Act means the *Customs Act 1901*;

depot licence application charge means the depot licence application charge payable under section 77H of the Customs Act. Section 77H is contained in new Part IVA of the Customs Act and is to be inserted by item 25 of Schedule 1 of the *Customs Amendment Act (No. 2) 1996*. Section 77H sets out the requirements for making an application for a depot licence, including payment of the depot licence application charge; and

depot licence charge means the depot licence charge payable under section 77M or 77U of the Customs Act. These sections are also in new Part IVA of the Customs Act. Section 77M sets out the transitional provisions which apply to places which were appointed places under paragraph 17(b) of the Customs Act immediately before the commencement of the new depot licensing regime and which now must be covered by a depot licence. Subsection 77M(6) provides that a depot licence charge is payable if a

depot licence is granted in respect of such premises. Section 77U provides that a licence charge is payable in respect of the granting or renewal of a depot licence.

Clause 4 - Imposition of Charges

This clause provides for the imposition of three new charges.

Subclause 4(1) provides for the imposition of the depot licence application charge payable under section 77H of the Customs Act. As referred to above, section 77H sets out the requirements for making an application for a depot licence, which includes the payment of a processing charge, which is the depot licence application charge.

Subclause 4(2) provides for the imposition of the depot licence charge payable under section 77M of the Customs Act. Section 77M sets out the transitional provisions which apply to places which were appointed places under paragraph 17(b) of the Customs Act. Subsection 77M(6) provides that a depot licence charge is payable if a depot licence is granted in respect of an application that relates to a previously appointed place.

Subclause 4(3) provides for the imposition of the depot licence charge payable under section 77U of the Customs Act. Section 77U provides that a licence charge is payable in respect of the granting or the annual renewal of a depot licence.

Clause 5 - Amount of depot licence application charge

This clause provides for the amount of the depot licence application charge.

The amount of \$1,000 is set in the case of a person or partnership occupying and managing a place that was an appointed place under paragraph 17(b) of the Customs Act immediately before the day on which Part IVA of the Customs Act commences, and who applies for a depot licence before 1 April 1997 (paragraphs 5(1)(a) and (b) refer).

The amount of \$3,000, or if another amount not exceeding \$4,500 is prescribed, that other amount, is set for applicants who fall outside of the terms of paragraphs 5(1)(a) and (b) (subclause 5(2) refers), ie. any new applicants.

The differential rates have been prescribed to reflect the fact that more time will be necessary to conduct the screening of new applicants for depot licences, together with the proposed depot premises, than will be the case with existing appointed places under paragraph 17(b) of the Customs Act in respect of which an application to be transferred to the new system is made.

Subclause 5(2) also makes provision for regulations made under the new *Customs Depot Licensing Charges Act 1996* to prescribe an amount not exceeding \$4,500 as the amount to be paid.

Clause 6 - Amount of depot licence charge

This clause provides for the amount of depot licence charges under sections 77U and 77M of the Customs Act. These charges are meant to cover the compliance costs of Customs in administering the depot system, including the costs of officers while at the depots undertaking the examination of goods under customs control, or auditing commercial records relating to such goods, as set out in section 77N of the Customs Act.

Subclause 6(1) provides that, except where subsection (2) or (3) applies, the amount payable in respect of the grant or renewal of a licence under section 77U is \$4,000, or, if another amount not exceeding \$6,000 is prescribed by regulation, that other amount. This amount is the annual licence charge payable by operation of sections 77S and 77U.

Subclause 6(2) provides the formula for determining the amount of licence charge payable under section 77U if a depot licence is granted for a period less than a year. This might occur where a new applicant for a depot licence is granted a licence some time during a financial year, and section 77S prescribes the duration of such a licence as that period up until the 30th of June following that grant.

The pro-rata formula set out is as follows:

$$\text{Annual rate} \times \frac{\text{Licence days}}{\text{Days in the year}} \quad \text{where:}$$

annual rate is defined as the amount of \$4,000, or, if another amount is prescribed under subsection 6(1), that other amount;

licence days is defined as the number of days during which the licence is in force under that grant; and

days in the year is defined as 365 days unless the financial year in which the licence is in force is not constituted by 365 days in which case it means the number of days in that financial year.

Subclause 6(3) provides that, in spite of anything in this section, the amount of a depot licence charge payable by a person or partnership under subsection 77M(6) of the Customs Act is \$6,000. Subsection 77M(6) provides an exception to the general rule in section 77S that each grant of a licence is for a period not exceeding 12 months. In the special transitional circumstance identified in this subsection, where existing premises appointed under paragraph 17(b) are licensed under the new Part IVA provisions of the Customs Act, the licence is granted for an effective 18 month duration, ie. from the 1 January 1997 proposed commencement of the new regime, until 30 June 1998. The licence charge in this circumstance is the annual \$4,000 charge, plus an additional \$2,000 for the 1/2 yearly pro-rata amount.

Clause 7 - Regulations

This clause provides the power for the Governor-General to make regulations for the purposes of sections 5 and 6 of the *Customs Depot Licensing Charges Act 1996*.

In the case of section 5 of the *Customs Depot Licensing Charges Act 1996*, this allows the amount of the depot licence application charge set out in subsection 5(2) to be increased from \$3,000 up to a possible maximum of \$4,500.

In the case of section 6 of the *Customs Depot Licensing Charges Act 1996*, this allows the amount of the annual depot licence charge set out in subsection 6(1) to be increased from \$4,000 up to a possible maximum of \$6,000.