

1985 - 86
PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

CUSTOMS TARIFF AMENDMENT BILL 1986

EXPLANATORY MEMORANDUM

(Circulated by the Authority of
the Minister for Industry, Technology and Commerce,
Senator the Honourable John N. Button)

CUSTOMS TARIFF AMENDMENT BILL 1986

OUTLINE

The purpose of this Bill is to enact a wide range of changes to the Customs Tariff Act 1982.

The Bill includes ten Schedules. These Schedules incorporate changes -

- (a) introduced directly into the House of Representatives as Customs Tariff Proposals Nos. 10 - 14 (1985) and No. 2 (1986);
- (b) initially published as a Gazette Notice and introduced as Customs Tariff Proposals No. 1 (1986); or
- (c) which are being introduced by this Bill.

The changes already introduced by Customs Tariff Proposals cover -

- . the insertion of tender quota rates applicable to passenger motor vehicles under the Government's Post-1984 assistance arrangements for the Passenger Motor Vehicle Industry;
- . the relaxation from 80% to 78% wool content for the pile of wool rich carpet from New Zealand qualifying for duty free admission;
- . the Government's decision to replace tariff assistance accorded the local production of grain harvesters with bounty assistance;
- . Government decisions arising from the Industries Assistance Commission's Reports on Telecommunications and Related Equipment and Parts, Re-import Concessions and Tableware and Other Goods of Ceramics;
- . Government decisions on changes made under certain trade agreements, sectoral industry policies and in the pursuance of tariff simplification and maintenance objectives; and
- . the Government's decision to withdraw Developing Country status from Portugal following that country's decision to join the European Economic Community.

Changes which are being introduced directly by this Bill relate to -

- . the Government's decision to introduce a Revised System of Developing Country Preferences based on a margin of preference of five percentage points;

- . the introduction of a new Forum Island Countries Preference Scheme, providing duty free entry for all exports from Forum Island Countries other than those subject to sectoral policies and excise equivalent goods;
- . further changes arising from the Government's decision on the Industries Assistance Commission's Report on Telecommunications and Related Equipment and Parts in regard to modems and multiplexors and optical fibre preforms;
- . an amendment to item 3 in Part I of Schedule 4 to the Principal Act to restrict its scope to goods imported for the official use of the Governor-General, the Governor of a State or members of their families;
- . a further amendment arising from the Government's decision on the Industries Assistance Commission's Report on Re-import Concessions. Item 31 in Part I of Schedule 4 to the Principal Act is redrafted to allow the issue of Commercial Tariff Concession Orders for goods exported for repair or renovation which cannot be performed in Australia;
- . the insertion of a new item 25 in Part I of Schedule 4 to the Principal Act to provide the mechanism for the restoration of duty free admission of certain parts used in the construction or modification of bountiable vessels;
- . the insertion of a new legal note in Chapter 84 in Schedule 3 to the Principal Act defining the term "track-laying type" used in connection with tractors and tractor bases; and
- . the widening of the scope of item 23 in Part I of Schedule 4 to the Principal Act to cover parts of the components specified in that item. This amendment is being made to correctly implement the Government's decision on assistance to the Heavy Commercial Vehicle Industry.

FINANCIAL IMPACT

The removal of duty on grain harvesters and certain parts is expected to reduce revenue by \$4.1 million in 1985/86 and \$8.25 million annually thereafter. The implementation of the IAC reports on Telecommunications, Related Equipment and Parts, Re-import Concessions and Tableware and Other Goods of Ceramics is not expected to affect revenue significantly.

The Revised System of Developing Country Preferences is expected to slightly increase assistance. Depending on import trends there could thus be some slight revenue increase. The new scheme providing duty free entry for most goods from Forum Island Countries is not expected to result in any significant reduction in revenue. All other changes in the Bill are expected to have minimal financial impact. No significant administrative costs are anticipated in respect of this Bill.

CUSTOMS TARIFF AMENDMENT BILL 1986

DETAILED DESCRIPTION OF THE BILL

A Bill for an Act relating to duties of Customs

Clause 1 - Citation - Customs Tariff Amendment Act 1986

Clause 2 - Date of Commencement - date of Royal Assent
except as otherwise
provided

Section 3	-	1 July 1985
Section 4	-	2 August 1985
Section 5	-	21 August 1985
Section 6	-	11 October 1985
Section 7	-	22 November 1985
Section 8	-	1 December 1985
Section 9	-	1 January 1986
Section 10	-	18 February 1986
Section 11	-	1 July 1986
Section 12	-	7 days after Royal Assent

Clause 3 - Provides that the amendment in Schedule 1
shall operate from 1 July 1985

. Covers - a new item 25 in Part I of
Schedule 4 to the Principal Act
providing the mechanism for the
restoration of duty free
admission of certain parts
used in the construction or
modification of bountiable
vessels. In 1984 the
Government removed the 2%
revenue duty on ships' parts,
most of which were then
admissible under a Customs
By-law which lapsed on 1 July
1985 when the old Commercial
By-law System was terminated.

In ceasing to be eligible for the 2% duty rate they were also ineligible for the further duty free concession. The new item 25 will enable those parts previously granted the 2% duty rate to again receive it and thus be eligible for a subsequent duty reduction to Free. The new item is backdated to 1 July 1985 to provide continuity of duty free entry.

Clause 4 - Provides that the amendment in Schedule 2 shall operate from 2 August 1985

- . Covers - an amendment to provide for the wool content in the pile of carpets from New Zealand eligible for duty free entry to be reduced from 80% to 78% by weight.

Clause 5 - Provides that the amendments in Schedule 3 shall operate from 21 August 1985

- . Covers - an amendment to remove the 15% General tariff rate applicable to grain harvesters and certain parts. This action complements the Subsidy (Grain Harvesters and Equipment) Act 1985 which is operative from the same date. A consequential amendment is also being made to sub-item 84.63.6 in Schedule 3 to the Principal Act to maintain the scope of that provision.

Clause 6 - Provides that the amendments contained in Schedule 4 shall operate from 11 October 1985

- . Covers - changes arising from the Government's decision on the Industries Assistance Commission's Report on Telecommunications and Related Equipment and Parts. The Government's decision basically provides a long term rate of 20% for the goods under reference.

Clause 7 - Provides that the amendments in Schedule 5 shall operate from 22 November 1985

- . Covers - changes arising from the Government's decision on the Industries Assistance Commission's Report on Re-import Concessions. The changes do not vary the scope of the concessions to any great extent but do improve their administration.

Clause 8 - Provides that the amendments in Schedule 6 shall operate from 1 December 1985

- . Covers - the implementation of tender quota rates associated with the Government's decision in respect of the Post-1984 Arrangements for Passenger Motor Vehicles.

Clause 9 - Provides that the amendments in Schedule 7 shall operate from 1 January 1986

- . Covers - an amendment to Schedule 1 of the Principal Act to remove Portugal from the list of countries eligible for Developing Country Preference. This action coincides with Portugal's accession to the European Economic Community;
- tariff simplification changes including:
 - . removal of redundant phasing rates of duty; and
 - . amalgamation of tariff classifications where rates of duty had become identical;
- Developing Country exclusions under the 1986 Textiles, Clothing and Footwear arrangements;

- amendments of Part II of Schedule 4 to the Principal Act, following the settlement of premium tender rates of duty applicable to the 1986 Textiles, Clothing and Footwear Import Quota Allocation. Also included are phased duty reductions in certain base tariff quota items for goods of New Zealand origin;
- deletion of redundant quota items consequent on implementation of new tender quota provisions associated with the Government's decision in respect of the Post-1984 Arrangements for Passenger Motor Vehicles; and
- an amendment to item 23 in Part I of Schedule 4 to the Principal Act to widen its scope to include parts for bountiable components. This amendment reflects the Government's decision on assistance arrangements to apply to the Heavy Commercial Motor Vehicle Industry. The current bounty on selected components is being progressively replaced by an equivalent Customs Tariff.

Clause 10 - Provides that the amendment in Schedule 8 shall operate from 18 February 1986

- . Covers - changes arising from the Government's decision on the Industries Assistance Commission's Report on Tableware and Other Goods of Ceramics. The General tariff rate of 20% remains unaltered but Developing Country imports are treated under the provisions of the Revised System of Tariff Preferences for imports from Developing Countries.

Clause 11 - Provides that the amendments in Schedule 9 shall operate from 1 July 1986

- . Covers - the Government's decision to introduce a revised system of tariff preferences for imports from Developing Countries, based on a margin of preference of five percentage points;
- the Government's decision to introduce a new preference scheme for imports from Forum Island Countries. All goods from Forum Island Countries, other than those covered by sectoral policies or excise equivalent goods, are to be granted duty free entry. Duty free entry for passionfruit products is being deferred to 1 January 1987;
- further changes resulting from the Government's decision on the Industries Assistance Commission's Report on Telecommunications and Related Equipment and Parts. Certain modems and multiplexors are to become dutiable at minimum rates and optical fibre preforms are to be dutiable at a General tariff rate of 20%;
- an amendment to item 3 in Part I of Schedule 4 to the Principal Act to discontinue duty free entry in relation to goods for the personal use of the Governor-General, the Governor of a State or their families, or a member of their staff being a staff member who is not an Australian citizen. In addition no concessions will be available for goods for the official use of the members of the staff of the Governor-General or a Governor of a State;

- further changes resulting from the Government's decision on the Industries Assistance Commission's Report on Re-import Concessions. Item 31 in Part I of Schedule 4 to the Principal Act is redrafted to allow the issue of Tariff Concession Orders for goods exported for repair or renovation which cannot be performed in the normal course of business in Australia; and
- tariff simplification changes including:
 - . removal of redundant phasing rates of duty; and
 - . amalgamation of tariff classifications where rates of duty have become identical.

Clause 12 - Provides that the amendment in Schedule 10 shall operate seven days after the date of Royal Assent

- . Covers - the insertion of a new legal note to Chapter 84 in Schedule 3 to the Principal Act to define the term "of the track-laying type" which is used in connection with tractors and tractor bases. This action restores assistance levels accorded to local manufacturers following a recent ruling by the Administrative Appeals Tribunal. This ruling stated that vehicles with removable tracks were covered by the term "of the track-laying type". The amendment is designed to restrict the scope of the term to the "traditional" track-laying type vehicle.

