

1987

PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

CUSTOMS TARIFF AMENDMENT BILL 1987
EXPLANATORY MEMORANDUM

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



CUSTOMS TARIFF AMENDMENT BILL 1987

GENERAL OUTLINE

The purpose of this Bill, which includes 12 Schedules, is to enact a range of changes to the Customs Tariff Act 1982.

Four Schedules, 3, 7, 9 (part) and 12 contain adjustments to Customs tariff rates applicable to certain imported petroleum products. The changes exactly match variations in the rates of excise applicable to equivalent locally produced products. The adjustments to the Excise rates were made because of adjustments to the price of indigenous crude oil under the Government's Import Parity Pricing Policy.

Schedule 1 contains amendments granting duty free entry to child safety and booster seats and ball point pens and parts therefor of New Zealand origin. These amendments are made under the provisions of the Australia New Zealand Closer Economic Relations - Trade Agreement (ANZCERTA).

Schedule 2 contains amendments associated with quota schemes which form part of the Government's Post-1984 Assistance Arrangements for the Passenger Motor Vehicle Industry.

Schedules 4 and 8 and Clause 4 cover tariff changes which give effect to the Government's decision on the Industries Assistance Commission's Report on the Chemicals and Plastics Industries.

Schedule 5 re-introduces the rates of duty which had earlier phased down on citrus fruit juices. The Government took this decision as a result of its consideration of the IAC's Interim Report on Citrus Fruit. The new rates continue until 9 December 1987.

Schedule 6 contains a range of changes, as follows:

- (i) amendments providing for the phased reduction to Free of the duty applicable on certain rubber goods of New Zealand origin;
- (ii) an amendment taken in the context of the Government's decision on the Textiles, Clothing and Footwear Post-1988 Assistance Arrangements to provide admission at minimum rates for knitted fabric laminated with expanded or foam rubber;
- (iii) amendments made in the context of the current Textiles, Clothing and Footwear Sectoral Policy;
- (iv) amendments to implement the new Forum Island Countries Preference Scheme in regard to passionfruit products; and

- (v) phasing arrangements under Article 4 of the Australia New Zealand Closer Economic Relations - Trade Agreement and the deletion of redundant phasing rates in Schedule 3 and Part I of Schedule 4 to the Principal Act.

Schedule 9 (part) implements the Government's decision on the recommendations made by the Industries Assistance Commission in its Report on Electric Lamps.

Schedule 10 implements changes which form part of the Government's decisions, taken in the context of its consideration of the Textiles, Clothing and Footwear Industries Post-1988 Assistance Arrangements, in regard to knitted towelling, knitted towels and interior textile blinds.

Schedule 11 implements the Government's decision on the recommendations made by the Industries Assistance Commission in its Report on the Power Electronics Industry.

The amendment in Clause 3 to the Bill corrects a drafting error in the Customs Tariff Amendment Act (No. 3) 1986 (Act No. 150 of 1986).

FINANCIAL IMPACT

The changes in Excise and Customs duties on certain refined petroleum products are designed to exactly offset the changes in revenue from crude oil excise and royalty.

The decision on the assistance arrangements for the Chemicals and Plastics Industries is likely to result in a reduction in the collection of Customs duties of the order of \$10 million in the next financial year.

The decision on the IAC's report on the Power Electronics Industry should increase revenue by approximately \$10 million in a full year while the decision on Electric Lamps should result in an increase in a full year of \$3 million.

The change applicable to citrus fruit juices should result in increased revenue of \$235,000 in 1987.

The various changes to textile products taken in the context of the Government's decision on the Post-1988 Arrangements for the Textiles, Clothing and Footwear Industries should result in a net increase of approximately \$2.1 million in a full year.

The duty reductions on New Zealand goods will result in a modest decrease in revenue.

The other changes in the Bill are expected to have minimal financial impact.

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DETAILED DESCRIPTION OF THE BILL

A Bill for an Act to amend the Customs Tariff Act 1982

Clause 1 - Citation - Customs Tariff Amendment Act
1987

Clause 2 - Date of Commencement

Sections 1 and 2 - date of Royal Assent

Section 3 - eight o'clock in the evening
by standard time in the
Australian Capital Territory
on 19 August 1986

Sections 4 and 12 - 1 February 1987

Section 5 - 1 April 1986

Section 6 - 1 October 1986

Section 7 - 16 October 1986

Section 8 - 1 November 1986

Section 9 - 17 December 1986

Section 10 - 1 January 1987

Section 11 - 17 January 1987

Section 13 - 14 February 1987

Section 14 - 1 March 1987

Section 15 - 10 March 1987

Section 16 - 14 March 1987

Clause 3 - This clause corrects a drafting error
contained in the Customs Tariff Amendment Act
(No. 3) 1986 (Act No. 150 of 1986). It is
operative from the same time as the relevant
provision in that Act.

Clause 4 - This clause contains an amendment to one of
the Customs items listed in the Table to
section 26A of the Principal Act (the
"Indexation" provisions). It is
consequential on an amendment to Schedule 3
to the Principal Act contained in Schedule 8
to the Bill and is operative on and from
1 February 1987.

Clause 5 - Provides that amendments in Schedule 1 shall operate from 1 April 1986

- . Covers - amendments to the rates of duty on goods of New Zealand origin, as follows:
 - . the reduction in duty from 10% to Free for child safety and booster seats for use in motor vehicles. These seats are regarded as accessories for motor vehicles and are therefore not included in the Australia New Zealand Closer Economic Relations - Trade Agreement Interim Motor Vehicle Arrangement nor the Furniture Arrangement but should have been subject to the normal phasing procedures of the Agreement. Phasing action should thus have occurred from 1 January 1983 under Article 4 of the Australia New Zealand Closer Economic Relations - Trade Agreement; and
 - . the reduction in duty from 5% to Free for ball point pens and parts therefor of tariff item 98.03 in Schedule 3 to the Principal Act.

These amendments follow agreements by the Australian and New Zealand Governments under the relevant provisions of the Trade Agreement.

The operative date of 1 April 1986 is applied to enable, under Customs Regulations, the maximum amount of time for payment of refunds of Customs duties on these goods.

Clause 6 - Provides that amendments in Schedule 2 shall operate from 1 October 1986

- . Covers - changes associated with the quota schemes which form part of the Government's Sectoral Policy for Passenger Motor Vehicles, as follows:

- . new multiple period tender quota rates. The 4 year General tariff tender quota rate is 60.5%, 3 percentage points higher than the base quota rate;
- . Developing Country margins for new quota allocations are brought into line with the Government's decision in relation to the Review of the Australian System of Tariff Preferences for Developing Countries. New quotas are issued with a Developing Country margin of preference of 5 percentage points instead of the 7.5 percentage points previously applicable; and
- . the extension of quota periods.

Clause 7 - Provides that amendments in Schedule 3 shall operate from 16 October 1986

- . Covers - amendments to rates of Customs duty corresponding to altered rates of Excise duty on certain refined petroleum products resulting from the Government's decision on pricing of indigenous crude oil set under the Import Parity Pricing Policy. The Excise duty on motor spirit and diesel is decreased by 0.479 cents per litre. Decreases for aviation gasoline and aviation kerosene are 0.404 cents per litre and 0.383 cents per litre respectively. For other kerosene, fuel and heating oil the decrease is 0.099 cents per litre.

Clause 8 - Provides that amendments in Schedule 4 shall operate from 1 November 1986

. Covers - amendments that give effect to part of the Government's decision on the Industries Assistance Commission's Report on the Chemicals and Plastics Industries:

- . A new tariff sub-item 28.10.2 is inserted in Schedule 3 to the Principal Act to allow duty free entry of fertiliser grade phosphoric acid;
- . A new item 39 is created in Part I of Schedule 4 to the Principal Act to enable a by-law to be issued to permit the importation of high density polyethylene resin for use in film extrusion for bag production, at a General tariff rate of 20%. The new item 39 terminates on 31 December 1987 as the General tariff rate for the goods under their substantive classification, becomes 20% on and from 1 January 1988.

Clause 9 - Provides that the amendment in Schedule 5 shall operate from 17 December 1986

. Covers - a change arising from the Government's decision on the Industries Assistance Commission's Interim Report on Citrus Fruit. The rates of duty applying to citrus fruit juices of tariff sub-item 20.07.2 in Schedule 3 to the Principal Act prior to 10 December 1986 are re-introduced until 9 December 1987. The rates will then phase down on and from 10 December 1987.

Clause 10 - Provides that amendments in Schedule 6 shall operate from 1 January 1987

- . Covers - amendments providing for the phased reduction to Free of the duty applicable to certain rubber goods of New Zealand origin. The amendments follow a mutual determination by Australia and New Zealand under the Australia New Zealand Closer Economic Relations - Trade Agreement;
- an amendment to reduce the General tariff rate of 25% to 2% for knitted fabrics laminated with expanded or foam rubber. This decision was taken in the context of the Government's consideration of the Post-1988 Assistance Arrangements for the Textiles, Clothing and Footwear Industries;
- a series of amendments made in the context of the current Textiles, Clothing and Footwear Sectoral Policy, being:
 - . annual variations to the Developing Country exclusions from preference;
 - . the insertion of the 1987 tender quota rates of duty following the settlement of the relevant premium tender quota rates;
 - . the extension of the validity of the 1986 quota allocations;
 - . the phased duty reductions in certain items for goods of New Zealand origin made in accordance with Article 5 of the Australia New Zealand Closer Economic Relations - Trade Agreement; and
 - . changes inserting special provisions in relation to footwear from New Zealand and handmade footwear from Developing Countries to avoid large variations in duty rates which could occur because of currency fluctuations;

- amendments of Schedule 3 and Part II of Schedule 4 to the Principal Act in relation to passionfruit products. These changes complete the implementation of the new Forum Island Countries Preference Scheme which came into operation on 1 July 1986 for all other goods;
- amendments of Schedule 5 to the Principal Act applying to the arrangements under Article 4 of the Australia New Zealand Closer Economic Relations - Trade Agreement;
- the deletion of redundant phasing rates of duty in Schedule 3 and Part I of Schedule 4 to the Principal Act; and
- amendments of the Table in Note 2 to Part II of Schedule 4 to the Principal Act as a result of the renumbering of item numbers in that Schedule.

Clause 11 - Provides that amendments in Schedule 7 shall operate from 17 January 1987

- . Covers - amendments to rates of Customs duty corresponding to altered rates of Excise duty on certain refined petroleum products resulting from the Government's decision on pricing of indigenous crude oil set under the Import Parity Pricing Policy. The Excise duty on motor spirit and diesel is decreased by 0.051 cents per litre. Decreases for aviation gasoline and aviation kerosene are 0.043 cents per litre and 0.041 cents per litre respectively. For other kerosene, fuel and heating oil the decrease is 0.011 cents per litre.

Clause 12 - Provides that amendments in Schedule 8 shall operate from 1 February 1987

- . Covers - changes arising from the Government's decision on the Industries Assistance Commission's Report on the Chemicals and Plastics Industries, being:

- . the first step in the phasing-in of the long term rates where most rates above 25% fall to 25%. Rates on certain basic chemicals are reduced in the first phase to 20%;
- . the insertion of new provisions in the Principal Act to enable the implementation of policy by-laws to -
 - (a) permit the duty free importation of caustic soda for use in the production of alumina and for use in the processing of specified rare earth compounds and metals; and
 - (b) continue the duty free entry of certain films and plates used in educational, religious and related activities covered by existing by-law references; and
- . an amendment to revise the scope of the definition of refined glycerol in note 4 to Chapter 15 of Schedule 3 to the Principal Act.

Clause 13 - Provides that amendments in Schedule 9 shall operate from 14 February 1987

- . Covers - amendments to rates of Customs duty corresponding to altered rates of Excise duty on certain refined petroleum products resulting from the Government's decision on pricing of indigenous crude oil set under the Import Parity Pricing Policy. The Excise duty on motor spirit and diesel is decreased by 2.036 cents per litre. Decreases for aviation gasoline and aviation kerosene are 1.714 cents per litre and 1.628 cents per litre respectively. For other kerosene, fuel and heating oil the decrease is 0.422 cents per litre; and

- a change arising from the Government's decision on the Industries Assistance Commission's Report on Electric Lamps. All electric lamps and parts therefor under reference are dutiable at a General tariff rate of 15% in accordance with the recommendations of the IAC.

Clause 14 - Provides that amendments in Schedule 10 shall operate from 1 March 1987

- . Covers - increases to the General tariff rates of duty for knitted towelling and knitted towels from 35% to 60% and interior textile blinds from 2% to 25%.

These decisions were taken in the context of the Government's consideration of the Post-1988 Assistance Arrangements for the Textiles, Clothing and Footwear Industries.

Clause 15 - Provides that amendments in Schedule 11 shall operate from 10 March 1987

- . Covers - changes to implement the Government's decision on the recommendations made by the Industries Assistance Commission in its Report on the Power Electronics Industry. The Government decided on a uniform General tariff rate of duty of 20% on most power electronic goods under reference.

Static converters, rectifiers and rectifying apparatus are dutiable at a General tariff rate of 25% on implementation for one year and 20% thereafter. Programmable controllers of tariff item 85.19 in Schedule 3 to the Principal Act become free of duty.

Clause 16 - Provides that amendments in Schedule 12 shall operate from 14 March 1987

- . Covers - amendments to rates of Customs duty corresponding to altered rates of Excise duty on certain refined petroleum products resulting from the Government's decision on pricing of indigenous crude oil set under the Import Parity Pricing Policy. The Excise duty on motor spirit and diesel is increased by 0.43 cents per litre. Increases for aviation gasoline and aviation kerosene are 0.362 cents per litre and 0.344 cents per litre respectively. For other kerosene, fuel and heating oil the increase is 0.089 cents per litre.

