

1989

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

CUSTOMS TARIFF AMENDMENT BILL (NO. 2) 1989

EXPLANATORY MEMORANDUM

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

CUSTOMS TARIFF AMENDMENT BILL (NO.2) 1989

GENERAL OUTLINE

The purpose of this Bill, which includes 7 Schedules, is to enact a range of changes to the Customs Tariff Act 1987.

Clause 3 amends section 26 of the Principal Act, as follows:

- Subclause 3(1) - provides a complementary amendment to changes in the Customs and Excise Tariffs to the method of duty collection on beer as announced in the 1988 Budget. This amendment operates on and from 4 February 1989.
- Subclause 3(2) - consequential on an amendment contained in Schedule 5 to this Bill, amends the Table to the section and operates on and from 15 February 1989.
- Subclause 3(3) - omits subsection (2) which becomes redundant as a result of an amendment contained in Schedule 7 to this Bill. This amendment operates from 1 July 1989.

Schedule 1 contains a range of changes, as follows:

- (i) amendments to Rules 5 and 6 of the General Rules for the Interpretation of the Harmonized System to align with the International Convention on the Harmonized Commodity Description and Coding System;
- (ii) an amendment to the Table to item 42A in Part III of Schedule 4 to accord with the tariff classifications set out in Schedule 3 to the Principal Act;
- (iii) an amendment to reduce the duty rate applicable to embroidery kits of 6308.00.90 to 15%.

Schedule 2 contains the following changes:

- (i) an amendment to remove the revenue duty applying to subheading 1702.50.00;
- (ii) amendments to the rates of duty applying to certain tariff classifications (4814.20.00, 5307.10.00, 5307.20.00, 5909.00.10). These amendments are made in the context of the Government's decision relating to the Chemicals and Plastics Industries and Textiles, Clothing and Footwear Arrangements which impacted on the May Economic Statement;
- (iii) an amendment to item 40D in Part III of Schedule 4 to allow concessional entry of certain carpets and floor coverings made by non-powered tufting machines held in the hand.

Schedule 3 contains an amendment to provide a duty rate of 14% phasing to a long term rate of 10% for general purpose spray bottle caps. The subheadings distinguish between these and the more traditional scent and perfume dispensers. This change is a result of the Government's consideration of the IAC report on the Mining, Construction and Agricultural Equipment Industries.

Schedule 4 contains an amendment to give a Free rate of duty to transport containers of heading 8609.00.00. This change follows the Government's acceptance of the IAC's recommendations on these goods.

Schedule 5 contains an amendment to clarify the Government's policy that topped crude oil used otherwise than as a refinery feedstock will be subject to duty at a rate equivalent to that applying to fuel oil. Topped crude oil used as a refinery feedstock will continue to be duty free.

Schedule 6 contains amendments made in the context of the Post-1988 Assistance Arrangements for the Textiles, Clothing and Footwear Industries, including:

- (i) insertion of a new item 40F in Part III of Schedule 4 to implement Post-1988 TCF Arrangements;
- (ii) an amendment to Note 1 to Schedule 5 to facilitate entry of industrial crafts without a certificate from supplying countries; and
- (iii) an amendment to subitem 7V in Schedule 5 to reduce the rate of duty for industrial overalls of NZ origin from 20% to 10% to comply with ANZCERTA.

Schedule 7 contains the following amendments:

- (i) an amendment to provide a free rate of duty for petroleum gases and other gaseous hydrocarbons of heading 2711. The amendment arises out of the IAC's Report on Certain Petroleum Products - Taxation Measures (Report No. 397);
- (ii) an amendment to restore the rate of duty for coated kraft paper and paperboard of subheading 4810.3 to 15%;
- (iii) amendments arising out of the Government's decision on the IAC Report (No. 405) on Tobacco Growing and Manufacturing Industries; and
- (iv) insertion of a new item 44 in Part III of Schedule 4 to overcome an anomaly caused by section 6G of the Excise Tariff Act.

FINANCIAL IMPACT

Anticipated revenue losses from the change affecting transport containers are minor

- approximately \$300,000 in a full year
- approximately \$165,000 for the balance of 1988-89.

However, this will be more than offset by the substantial reductions in costs to the shipping industry. Savings are estimated to be in the order of \$ 9 million for a full year.

The measures relating to topped crude oil clarify policy and as such should not increase or decrease revenue. Without the proposed amendment potential exists for revenue erosion exceeding \$14 million per annum.

The decision to reduce the level of duty on embroidery kits will result in only minor revenue losses and some administrative expenditure in refunding duties paid since the First of January 1988. The effect is not expected to have any significant financial impact.

In regard to changes for Petroleum Gases and other Gaseous Hydrocarbons the financial impact is difficult to assess due to the small and irregular imports of these gases. The Customs duty collected in 1987/88 was, however, less than \$ 17,000.

The remaining measures in the Bill are expected to have minimal financial impact.

CUSTOMS TARIFF AMENDMENT BILL (No.2) 1989
NOTES ON CLAUSES

A Bill for an Act to amend the Customs Tariff Act 1987.

Clause 1 - Citation - Customs Tariff Amendment Act (No.2) 1989

Clause 2 - Date of Commencement

Sections 1 and 2 - Date of Royal Assent

Subsection 3(1) - 4 February 1989

Subsection 3(2) - 15 February 1989

Subsection 3(3) - 1 July 1989

Section 4 - 1 January 1988

Section 5 - 1 July 1988

Section 6 - 14 October 1988

Section 7 - 25 January 1989

Section 8 - 15 February 1989

Section 9 - 1 March 1989

Section 10 - 1 July 1989

Clause 3 - Amends section 26 of the Principal Act, as follows.

Subclause 3(1) - provides a complementary amendment to changes in the Customs and Excise Tariffs to the method of duty collection on beer as announced in the 1988 Budget. This amendment operates on and from 4 February 1989.

Subclause 3(2) - consequential on an amendment contained in Schedule 5 to this Bill, amends the Table to the section and operates on and from 15 February 1989.

Subclause 3(3) - omits subsection (2) which becomes redundant as a result of an amendment contained in Schedule 7 of this Bill. This amendment operates from 1 July 1989.

Clause 4 - Provides that amendments in Schedule 1 shall operate on and from 1 January 1988

Covers - amendments to Rules 5 and 6 of the General Rules for the Interpretation of the Harmonized System to align with the International Convention on the Harmonized Commodity Description and Coding System;

- a reduction to the rate of duty applicable to embroidery kits of 6308.00.90 from 25% to 15%. This decision is taken in the context of the TCF Assistance Arrangements;
- an amendment to the Table to item 42A in Part III of Schedule 4 to accord with the classifications set out in Schedule 3 to the Principal Act.

Clause 5 - Provides that the amendments in Schedule 2 shall op rate on and from 1 July 1988

- . Covers - an amendment to remove the 2% Revenue duty applying to subheading 1702.50.00;
- amendments to the rates of duty applying to certain tariff classifications (4814.20.00, 5307.10.00, 5307.20.00 and 5909.00.10). These amendments are made in the context of the Government's decisions relating to the Chemicals and Plastics Industries and the Textiles, Clothing and Footwear Arrangements;
- an amendment to item 40D in Part III of Schedule 4 to allow concessional entry of certain carpets and floor coverings made by non-powered tufting machines held in the hand.

Claus 6 - Provides that the amendment in Schedule 3 shall operate on and from 14 October 1988

- . Covers - an amendment to provide a duty rate of 14% phasing to a long term rate of 10%, for general purpose spray bottle caps. The subheadings distinguish between these and the more traditional scent and perfume dispensers. This change is a result of the Government's consideration of the IAC report on Mining, Construction and Agricultural Equipment Industries.

Clause 7 - Provides that the amendment in Schedule 4 shall operate on and from 25 January 1989

- . Covers - an amendment to give a Free rate of duty to transport containers of heading 8609.00.00. This change gives effect to the Government's decision on the IAC report on Transport Containers (Report No.409).

Clause 8 - Provides that the amendment in Schedule 5 shall operate on and from 15 February 1989

- . Covers - an amendment to clarify the Government policy in relation to topped crude oil. Topped crude used otherwise than as a feedstock will attract a duty rate equivalent to that applying to fuel oil, while topped crude used as a feedstock will remain duty free.

Clause 9 - Provides that the amendments in Schedule 6 shall operate on and from 1 March 1989

- . Covers - amendments made in the context of the Post-1988 Assistance Arrangements for the Textiles, Clothing and Footwear Industries, including:
 - . insertion of new item 40F in Part III of Schedule 4 to allow duty free entry of carpets and floor coverings of 5703 which are made by non-power loom tufting machines held in the hand;
 - . an amendment to Note 1 to Schedule 5 to facilitate entry of industrial crafts without a certificate from the supplying country, entered for home consumption on or before 31 August 1989;
 - . an amendment to subitem 7V in Schedule 5 to reduce the rate of duty for industrial overalls of NZ origin from 20% to 10% to comply with ANZCERTA.

Clause 10 - Provides that amendments in Schedule 7 shall operate on and from 1 July 1989

- . Covers - an amendment to provide a free rate of duty for Petroleum gases and other gaseous hydrocarbons of heading 2711. The amendment arises out of the IAC's Report on Certain Petroleum Products - Taxation Measures (Report No. 397);
- an amendment to restore the rate of duty for coated kraft paper and paperboard of subheading 4810.3 to 15%. This decision is taken in the context of the IAC Report (No. 401) on the Pulp, Paper, Paper Products and Printing Industries;

- amendments arising out of the Government's Decision on the IAC Report, on Tobacco Growing and Manufacturing Industries (No. 405):
 - . termination, from 1 October 1995, of the concessions relating to the tobacco local leaf content scheme; and
 - . item 35D in Part III of Schedule 4, which allows concessional rates on certain imports of tobacco products contingent on overseas suppliers purchasing Australian leaf, will be abolished on 1 July 1989;
- an amendment to insert new item 44 in Part III of Schedule 4 to overcome an anomaly caused by section 6G of the Excise Tariff Act.

