



CUSTOMS TARIFF AMENDMENT BILL (NO. 2) 1993

SUMMARY OF AMENDMENTS

CUSTOMS TARIFF AMENDMENT BILL (NO. 2) 1993

SUMMARY OF AMENDMENTS

SECTIONS 3 to 9, and 11(2) to 17

REASON FOR CHANGES: . To remove references in the Principal Act to Schedule 5.

DATE OF EFFECT: 14 Days after this Bill receive Royal Assent

Amendments of the Principal Act

. Schedule 5 to the *Customs Tariff Act 1987* contained the administration of quota arrangements for imported goods.

. Commencing 1 March 1993 quota restrictions on textiles, clothing and footwear were abolished and in this Bill quota restrictions on certain types of cheese and curd have been removed from Schedule 5.

. There are no tariff matters contained in Schedule 5 and it is not Government policy to control trade through quota restriction. Legislative provisions contained in the *Customs Tariff Act 1987* relating to the interpretation of Schedule 5 are being removed by these amendments.

CUSTOMS TARIFF AMENDMENT BILL (NO. 2) 1993

SUMMARY OF AMENDMENT

SECTION 11

REASON FOR CHANGE: To accommodate proposed amendments to the rules of origin contained in the *Customs Act 1901*.

DATE OF EFFECT: On a day to be proclaimed.

Amendment of Section 18

Principal Act

The Rules of Origin pertaining to imported goods are contained in section 151A of the *Customs Act 1901*. There is a cross reference to section 151A in section 18 of the *Customs Tariff Act 1987*.

In 1992, the renegotiation of Closer Economic Relations (CER) was undertaken by the Australian and New Zealand Governments. Conditions regarding eligibility of cost components to be included in or disregarded from the labour and materials costs of the exported article has been fine tuned. Some of these conditions are being included in the Rules of Origin applying to other bilateral trading partners.

The new legislation will be introduced in the Customs Legislation Amendment Bill 1993 during the current parliamentary session. The amended legislation will be contained in Division 1A of Part VIII of the *Customs Act 1901*.

This amendment to section 18 is complementary to the proposed changes to the Customs Act.

CUSTOMS TARIFF AMENDMENT BILL (NO. 2) 1993

SUMMARY OF AMENDMENT

SECTION 12(1)

REASON FOR CHANGE: . To insert provisions which phase out the Developing Country rate of duty for certain goods from specified countries which are contained in Australian System of Tariff Preferences (ASTP)

DATE OF EFFECT: 1 July 1993

NOTE: Unless otherwise indicated New Zealand (NZ), Papua New Guinea (PNG), Forum Island Countries (FI) and Developing Countries (DC) rates are Free.

Amendment of Section 19

Principal Act

Section 19(1E) is inserted in the *Customs Tariff Act 1987* to provide the legislation to implement the Government's decision to phase out the Developing Country rate of duty on certain goods from all Developing Countries but Forum Island Countries and 42 of the least advanced countries.

The list of countries affected by this decision are shown in the Table to the new section.

Export of textiles, clothing, footwear, chemicals, plastics, goods of rubber and leather, fruit juice, canned food, sugar and dried fruit from these countries are the only goods affected by the decision. The phase out of the margin of preference will be achieved by fixing the Developing Country rate of duty at its pre-1 March 1993 level until such time as the general rate falls to that level. After that time the general rate will apply.

Rates of duty will not rise. However the expected phase down of rates on 1 July 1993 did not occur for the subject goods from the countries listed in the Table to this new section.

CUSTOMS TARIFF AMENDMENT BILL (NO. 2) 1993**SUMMARY OF AMENDMENT****SCHEDULE 1**

REASON FOR CHANGE: . To remove any doubt over the identification and classification of needlecraft kits;

DATE OF EFFECT: 1 January 1988

NOTE: Unless otherwise indicated New Zealand (NZ), Papua New Guinea (PNG), Forum Island Countries (FI) and Developing Countries (DC) rates are Free.

Amendment of Schedule 3

Needlecraft kits, other than tapestry kits which are Free, attract duty at the rate of 15%. Both types of kit are designed for needlecraft hobbyists. As such they compete with, and are direct substitutes for each other.

The original tariff split was made in the pre-harmonized tariff and was carried through when the new Tariff was introduced in 1988.

The Australian Customs Service on the advice of industry had a clear understanding of which kits were considered either needlecraft or tapestry.

This situation was clouded by a recent Federal Court decision (*Myers Stores Limited v the Collector of Customs*). As a result of this decision many kits, not considered by the industry to be tapestry kits, are now legally defined as such.

This amendment combines both needlecraft and tapestry kits in the one tariff heading, thus removing the identification problems caused by the Federal Court decision and also imposes a free rate of duty on both types of kit.

CUSTOMS TARIFF AMENDMENT BILL (NO. 2) 1993**SUMMARY OF AMENDMENTS****SCHEDULE 2**

REASON FOR CHANGES: . Amends the description of goods for two subheadings in Schedule 3 of the Customs Tariff Act 1987

DATE OF EFFECT: 1 July 1992

NOTE: Unless otherwise indicated New Zealand (NZ), Papua New Guinea (PNG), Forum Island Countries (FI) and Developing Country (DC) rates are Free.

Amendments No. 1-2

Schedule 3

Amendments in Act 96 of 1992 to insert the general phase down of the tariff rate made an incorrect change to the description of goods for subheadings 9026.90.10 and 9401.90.20. These amendments reinstate the correct description of goods.

CUSTOMS TARIFF AMENDMENT BILL (NO. 2) 1993

SUMMARY OF AMENDMENT

SCHEDULE 3

- REASON FOR CHANGE: To create a new Schedule 4 item to the *Customs Tariff Act 1987* to allow certain handkerchiefs to be entered duty free.
- DATE OF EFFECT: 13 October 1992
- NOTE: Unless otherwise indicated New Zealand (NZ), Papua New Guinea (PNG), Forum Island Countries (FI) and Developing Countries (DC) rates are Free.

Amendment of Part III of Schedule 4

Schedule 3

Prior to 13 October 1992, handkerchiefs of heading 6213 imported in packs containing not less than 5 dozen handkerchiefs of one design and/or one colour and not put up for retail sale were imported free of duty under a Tariff Concession Order (TCO).

Goods classified to headings 6212 to 6215 were found to be listed in the Excluded Goods Schedule and thus not eligible for duty free entry under a TCO.

This anomaly was discovered in October 1992 and the TCOs were subsequently revoked on 13 October 1992.

To allow a long standing Government decision to continue and to provide for the duty free importation of these handkerchiefs, a short term policy item - 40H (operative from 13 October 1992 to 28 February 1993) was created.

From 1 March 1993, a by-law under item 40A in Schedule 4 was issued to continue the duty free concession for these handkerchiefs.

CUSTOMS TARIFF AMENDMENT BILL (NO. 2) 1993

SUMMARY OF AMENDMENTS

SCHEDULE 4

- REASONS FOR CHANGES:**
- . To make administrative changes to the imposition of cheese quotas;
 - . To phase out the Canadian margin of tariff preference on certain carpets of Chapter 57;
 - . To implement the Government's decision in regard to the concessional treatment of Textiles, Clothing and Footwear (TCF) goods in Schedule 4; and
 - . To effect subsequent administrative amendments caused by recent legislation.

DATE OF EFFECT: 1 March 1993

NOTE: Unless otherwise indicated New Zealand (NZ), Papua New Guinea (PNG), Forum Island Countries (FI) and Developing Countries (DC) rates are Free.

Amendments Nos. 1-3

Schedule 3

Amendment No. 3

Schedule 4

Amendment of Schedule 5

The tariff administration of goods subject to quota are contained in Schedule 5 to the *Customs Tariff Act 1987*.

Quota restrictions on TCF goods were abolished from 1 March 1993 leaving only certain types of cheese and curd in Schedule 5.

For future administrative efficiency, the quota duty will be managed through a new Schedule 4 policy item while the out-of-quota penalty rate of duty will be listed against the relevant Schedule 3 subheading.

The Schedule 3 amendments insert the out-of-quota rate of duty of \$2 100 per tonne for cheese and curd of subheadings 0406.10.00, 0406.20.00, 0406.30.00, 0406.40.90 and 0406.90.90.

The Schedule 4 change creates item 62 to administer the quota provisions.

The Schedule 5 change omits item 61 which covered cheese and curd.

Amendments Nos. 4-6

Schedule 3

These amendments redefine the description of goods of subheadings 5210.51.10, 5210.52.10 and 5210.59.10 by adding "other than goods that are less than 132 cm in width".

Rates of duty are not affected.

Amendments Nos. 7-20

Schedule 3

Under the Canada-Australia Trade Agreement, imports of certain carpet of Canadian origin have been accorded a concessional margin of preference in rates of duty for many years.

Following intergovernmental negotiations it has been agreed to phase out the margin of preference for carpets of headings 5702, 5703 and 5704.

These changes put in place a duty regime which freezes the Canadian rates of duty at its pre-1 March 1993 levels until the general rate of duty phases down to the Canadian rate.

From that time goods of Canadian origin will attract the general rate of duty.

Amendment No. 21

Schedule 3

This amendment contains an administrative change to accommodate a renumbering of tariff subheadings made in Act No. 236 of 1992.

Rates of duty are not affected.

Amendments Nos. 1-2

Schedule 4

On 16 July 1992, the then Minister for Industry, Technology and Commerce announced a review of the Customs By-law system in relation to TCF goods.

These amendments give effect to the Government's decision on the Review Committee's recommendations.

A new item 40A is created to replace five previous policy items (ie. 40A, 40B, 40D, 40E, and 40F) and continues benefits accorded by the previous items.

Previous item 40G is renumbered to 40B.

CUSTOMS TARIFF AMENDMENT BILL (NO. 2) 1993

SUMMARY OF AMENDMENTS

SCHEDULE 5

REASON FOR CHANGES: . Changes to Schedule 1 to the *Customs Tariff Act 1987* following the separation of the Czech and Slovak Federal Republic.

DATE OF EFFECT: 10 March 1993

Amendments Nos. 1-3

Division 1 of Part II of Schedule 1

- . In the latter part of 1992, the former Czech and Slovak Federal Republic decided to split into two autonomous countries.
- . The two new countries, namely the Czech Republic and the Slovak Republic came into being on 1 January 1993 and have since been recognised by the international community.
- . The former Czech and Slovak Federal Republic benefited from concessional rates of duty applied under the Australian System of Tariff Preferences (ASTP). The Australian Government has decided to accord the new independent countries the same concessions.
- . These amendments of Schedule 1 to the *Customs Tariff Act 1987* put these changes in place.

CUSTOMS TARIFF AMENDMENT BILL (NO. 2) 1993

SUMMARY OF AMENDMENTS

SCHEDULE 6

REASONS FOR CHANGES: . To implement the Government's decision on goods of a kind used as replacement components in passenger motor vehicles (PMV);
 . To reduce the duty on aviation gasoline; and
 . To phase out the Developing Country rate of duty on certain goods from specified more advanced countries.

DATE OF EFFECT: 1 July 1993.

NOTE: Unless otherwise indicated New Zealand (NZ), Papua New Guinea (PNG), Forum Island Countries (FI) and Developing Countries rates are Free.

Amendments Nos. 1-3, and 7 - Part A

Amendments Nos. 1-7 - Part B

Schedule 3

Amendment of Schedule 4

Since 1 July 1986, the Australian System of Tariff Preferences (ASTP) for Developing Countries has provided a 5% margin of preference for goods imported from countries and places designated as Developing Countries. These countries are listed in Schedule 1 to the *Customs Tariff Act 1987*.

On 12 March 1991, the Government announced that the margin of preference for goods from Hong Kong, Republic of Korea, Singapore and Taiwan Province would begin to phase out from 1 July 1992.

On 26 May 1993, the Government decided that a selected phased removal of the Developing Country (DC) preference margin would be implemented.

The commodities covered by this decision are textiles, clothing, footwear, plastics, goods of rubber and leather, chemicals, sugar, canned food, dried fruit and fruit juice.

The decision covers the import of these goods from all countries listed in Schedule 1 to the *Customs Tariff Act 1987* with the exception of Forum Island countries and 51 of the least developed countries and places designated by the United Nations.

The phase out will be achieved by fixing the DC rate of duty at the pre-1 July 1993 level until the general rate of duty is reduced to that level. After that the general rate of duty will apply. There were no increases in rates of duty.

Amendments Nos. 4-5

Schedule 3

By section 26 of the *Customs Tariff Act 1987* consumer price index increases are applied to beer, spirits, tobacco and tobacco products and petroleum products.

In Act 236 of 1992 a close up of the tariff subheadings covering spirits was legislated, operative 1 July 1993.

As the previous consumer price index increases in February 1993 were applied to the old tariff subheadings for spirits, it was necessary to apply the same increases to the new subheadings by Customs Tariff Proposal No. 5 (1993).

Amendment No. 6

Schedule 3

This amendment provides a reduction of \$0.03013 per litre in the rate of duty on aviation gasoline of tariff subheading 2710.00.51.

A portion of the revenue collected as duty on aviation gasoline is attributed to the Civil Aviation Authority (CAA) to perform services for the aviation industry.

Since 1991 the CAA has transferred Commonwealth owned aerodromes to local community management which, in turn, levies operating fees directly on aviation users.

As the transfers have been progressively completed, that component of the duty attributable to aerodrome management and maintenance has been removed from the duty rate. The portion of the reduction -1.013 cents per litre - is the third and last in the planned series.

In addition, 0.7 cents per litre is attributable to the provision of fire fighting services at aerodromes by the CAA. The Authority has decided to charge aircraft operators directly for these services.

Also 1.3 cents per litre is attributed to the provision of weather forecasting services by the Bureau of Meteorology. The Bureau and the CAA have agreed that the Bureau should set its own charges from 1 July 1993.

Amendments Nos. 8-16, 19-48 - Part A

Schedule 3

In the 1991 Industry Statement, the Government announced that goods of a kind used as replacement components in passenger motor vehicles (PMV) and which had a rate of duty of 15% (DC:10%) on 1 July 1992 would not be accorded the new round of tariff phasings. These rates of duty have been provided in previous legislation.

"Goods of a kind" are deemed to be of a category or class of goods that can be use as a direct substitute for a replacement component for a PMV.

Goods may be excluded because their size, specification or part number is designated for use only in a non PMV application.

These amendments put in place the Government's decision in relation to those subheadings considered to contain goods of a kind used as replacement components in PMV and which have Canadian preference margins, by providing separate tariff splits for:-

- a) goods of a kind for use as replacement components in passenger motor vehicles which are not phasing; and
 - b) goods for other purposes which are phasing from 15% to 5% by 1 July 1996.
-

Amendments Nos. 17-18 - Part A

Schedule 3

These amendments insert in subheadings 8407.31.00 and 8407.32.10 phasing rates of duty which were announced in the 1991 Industry Statement.

Department of Industry, Technology and Regional Development and the Automotive Industry Authority have agreed that the goods contained in these subheadings are not "Of a kind used as replacement components in passenger motor vehicles" and therefore are to phase to 5%.

Amendment of Part III of Schedule 4

Item 53 was created in March 1991 to implement the Government's initiatives in regard to replacement components for passenger motor vehicles (PMV).

On 26 May 1993, the Government decided to differentiate between the more advanced developing countries (ADC) and the less developed countries (LDC) in relation to the margin of preference accorded imports from these countries.

Consequently item 53 in Schedule 4 has been split into items 53A and 53B to provide the phased reduction on non-PMV goods in an ADC and LDC environment.

Items 53A and 53B provide for the concessional entry of goods, other than of a kind used as replacement components for passenger motor vehicles, which are classified in a subheading designated by DITRD and the AIA to contain PMV components. The items provide for the phase down of duty rates to 5% on 1 July 1996.

CUSTOMS TARIFF AMENDMENT BILL (NO. 2) 1993

SUMMARY OF AMENDMENT

SCHEDULE 7

REASON FOR CHANGE: . To ensure that the concessions accorded by item 53A in Part III in Schedule 4 may be claimed by goods of the correct classifications.

DATE OF EFFECT: 5 July 1993

Amendment of Part III of Schedule 4

Item 53 was created in March 1991 to implement the Government's initiatives in regard to replacement components for passenger motor vehicles (PMV).

Due to new initiatives in regard to the selective phasing out of the Developing Country (DC) rate of duty for certain goods from countries shown in section 19 (1E) of the Principal Act, it became necessary to split item 53 (into item 53A and 53B) to accord the concession to goods subject to the phase out of the DC margin of preference and those goods not subject to the phase out.

This amendment to item 53A refines the list of tariff subheadings to which the concession does not apply.

CUSTOMS TARIFF AMENDMENT BILL (NO. 2) 1993

SUMMARY OF AMENDMENT

SCHEDULE 8

REASON FOR CHANGE: . An administrative change to preserve the integrity of the Principal Act.

DATE OF EFFECT: Fourteen days after this Bill receives Royal Assent.

Amendment of Schedule 3

In Customs Tariff Amendment Act (No. 2) 1991, Act 187 of 1991, a new Additional Note 2 was inserted in Chapter 20 to define orange juice.

Because of this action, it is necessary to change the heading "Additional Note" to its plural form "Additional Notes".

CUSTOMS TARIFF AMENDMENT BILL (NO. 2) 1993**SUMMARY OF AMENDMENT****SCHEDULE 9**

REASON FOR CHANGE: . An administrative amendment to preserve the integrity of the Principal Act.

DATE OF EFFECT: 21 December 1991

Amendment of Schedule 3

In Customs Tariff Act (No. 2) 1991, Act 187 of 1991, an amendment was made to the heading of item 8904. Because of a technicality the amendment did not have the intended effect.

This amendment remedies the situation.

This change has no duty implications.