

1989

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA  
HOUSE OF REPRESENTATIVES

CUSTOMS TARIFF AMENDMENT BILL (NO. 4) 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. 4) 1989General Outline

The purpose of this Bill, which includes 9 Schedules, is to enact a range of changes to the Customs Tariff Act 1987.

Schedule 1 contains the following change:

- (i) amends the tariff items in the Table to item 36B in Schedule 4 of the Customs Tariff to allow the continued duty free importation of ethyl hexanol.

Schedule 2 contains the following changes:

- (i) inserts a Free rate of duty for rye grass seed of subheading 1209.25.00 and for gasoline and other oils of subheading 2710.00.59.

Schedule 3 contains the following amendment:

- (i) changes the description of goods falling to 9616.10 so as to align this subheading with the international Harmonized System Convention.

Schedule 4 contains the following amendments:

- (i) introduces changes to the treatment of footwear of New Zealand origin resulting from changes to Australia's obligations under the Closer Economic Relations-Trade Agreement;
- (ii) inserts an "as prescribed by by-law" provision in subitem 21P in Schedule 5; and
- (iii) implements amendments to a range of textiles, clothing and footwear goods following the acceptance of recommendations by the Textiles, Clothing and Footwear Development Authority.

Schedule 5 contains the following changes:

- (i) amendments to Schedule 1 of the Customs Tariff changing the official title of a number of countries or places which qualify for preferential treatment;
- (ii) amendments to provide duty free and quota free access for apparel of New Zealand origin. (This initiative has been made under ANZCERTA);
- (iii) amendments emanating from the Government's decision on the Industries Assistance Commission's Report No. 413 on the Mining, Construction and Agricultural Equipment Industries; and

- (iv) amendments to lower duty rates on disodium carbonate (soda ash). These rates had been significantly increased as a result of 1 July 1989 changes to the customs valuation system. The amendments follow the Government's decision on the Industries Assistance Commission's Report No. 419.

Schedule 6 contains the following amendment:

- (i) changes to provide duty free importation of certain textile products and quota free and duty free access for certain ski-boots and cross-country ski footwear. These changes are a result of the Government's decision taken on a review by the Textiles, Clothing and Footwear Development Authority.

Schedule 7 contains the following changes:

- (i) amendments to allow cast coated paper and paperboard of 4811.90 to be entered duty free to reinstate levels of protection which existed prior to 1 January 1988 when the Harmonized Tariff was introduced. This is provided through an addition to subheading 4811.90.10 and an amendment to Additional Note 1 to Chapter 48.

Schedule 8 contains the following changes:

- (i) amendments to Schedule 1 of the Customs Tariff change the official name of two countries and add Poland and Hungary to the list of countries which qualify for preferential treatment under the Australian System of Tariff Preferences (ASTP);
- (ii) amendments to correct anomalies in the levels of protection to local industry which resulted from the introduction of the Harmonized Tariff on 1 January 1988; These levels of protection have been adjusted to take account of the 1988 May Economic Statement; and
- (iii) the revocation of the now redundant item 33 in Schedule 4 which provided duty free entry for certain goods which previously attracted the 2% revenue duty rate.

Schedule 9 contains the following change:

- (i) deletion of the reference to sub-section 269C(1B) of the Customs Act 1901 from item 19 in Schedule 4 to the Customs Tariff Act. This amendment is consequential on the changes contained in the Customs and Excise Legislation Amendment Bill (No. 4) 1989.

#### FINANCIAL STATEMENT

The effect of the textiles, clothing and footwear sector amendments contained in this Bill are considered to be negligible.

Changes to mining, construction and agricultural equipment will provide savings for both manufacturers and users. Because the equipment concerned is not manufactured in Australia in the normal course of business, the impact on the local manufacturing industry is expected to be virtually nil.

The amendments relating to soda ash involve no budget outlays.

Provision of ASTP status to Poland and Hungary can be expected to result in some increase in imports though this is not expected to be large or to have any significant impact on domestic markets. Imports in 1988/89 were approximately \$31 million from Poland and \$28 million from Hungary. The main financial impact of the change will be in terms of Customs revenue forgone as a result of the lower Developing Country tariff rates. Based on 1988/89 trade, Customs revenue foregone will be of the order of \$1 million in respect of Poland and \$0.7 million for Hungary.

It is difficult to assess the net financial impact of the proposed tariff changes to correct tariff anomalies. Some will have the effect of reducing or removing import duty, others will increase duty or permit reinstatement of bounty. However, the measures proposed will generally only restore the position which applied before 1 January 1988 (adjusted to account for the 1988 May Economic Statement) and are not likely to result in any substantial change to revenue or outlays.

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NOTES ON CLAUSES

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

Clause 1 - Citation - Customs Tariff Amendment Act (No. 4) 1989

Clause 2 - Date of Commencement

Section 1 - Date of Royal Assent

Section 2 - 1 January 1988

Section 3 - 1 July 1988

Section 4 - 14 October 1988

Section 5 - 1 March 1989

Section 6 - 1 July 1989

Section 7 - 1 August 1989

Section 8 - 12 October 1989

Section 9 - commences 7 days after the day this Act receives the Royal Assent

Section 10 - 1 January 1990

Clause 3 - Provides that the amendments in Schedule 1 shall operate on and from 1 January 1988

- . Covers - the addition of subheading 2905.16.00 in the Table to item 36B in Schedule 4 to the Customs Tariff Act. This follows advice as to the correct classification of ethyl hexanol and will give effect to the Government's decision on the Chemicals and Plastics Industries, and continues the duty free importation of ethyl hexanol.

Clause 4 - Provides that the amendments in Schedule 2 shall operate on and from 1 July 1988

- . Covers - insertion of a Free rate of duty for rye grass seed of subheading 1209.05.00 and gasoline and other oils of subheading 2710.00.59 in accordance with the 1988 May Economic Statement.

Clause 5 - Provides that the amendment in Schedule 3 shall operate on and from 14 October 1988

- . Covers - the addition of the words "and heads" to subheading 9616.10 to align the subheading with the international Harmonized System Convention.

Clause 6 - Provides that the amendments in Schedule 4 shall operate on and from 1 March 1989

- . Covers - an amendment terminating quota restrictions and introducing a Free rate of duty on importations of New Zealand footwear;
- amendments removing the tariff rates applicable to tender extension provision for goods of New Zealand origin. The amendments follow negotiations between Australia and New Zealand and implement Australia's obligations under ANZCERTA;
- an amendment inserting an "as prescribed by by-law" provision in subitem 21P in Schedule 5 to the Customs Tariff Act;
- an amendment to insert definitions of anti-radiation suits, anti-contamination suits, and similar protective garments in Sections VII and XI of Schedule 3 to the Customs Tariff Act. The amendment also abolishes quota restrictions and imposes a duty rate of 15% on these garments. A consequential amendment has been made to item 17 in Schedule 5 to the Customs Tariff Act;
- an amendment abolishing quota restrictions on brassiere back replacements comprising elastic, textile fabric and hooks and eyes falling to subheading 6212.90.00 and imposing a 25% duty rate on these goods; and
- an amendment removing quota restrictions and imposing a duty rate of 15% for metal parts of footwear of 6406.10.00 and 6406.99.90. A consequential amendment has been made to item 23 in Schedule 5 to the Customs Tariff Act.

Clause 7 - Provides that amendments in Schedule 5 shall operate on and from 1 July 1989

- . Covers - amendments to the countries listed under the Australian System of Tariff Preferences, as follows:
  - . Part I, add Republic of Marshall Islands and Federated States of Micronesia;

- . Part II, Division 1, add Cambodia and delete Kampuchea and Northern Marianas;
- . Part II, Division 2, add Palau and delete the Trust Territory of the Pacific Islands, and Western Sahara;
- amendments of Schedules 3 and 5 to the Customs Tariff Act which accelerate duty free and quota free trans-Tasman trade in apparel under ANZCERTA. The changes remove both tariff rates and quota restrictions on apparel of New Zealand origin;
- the insertion of an Additional Note to Chapter 84 to define the "operating weight" of certain vehicles classified in this Chapter;
- a number of amendments to implement the Government's decision on the Industries Assistance Commission's Report on the Mining, Construction and Agricultural Equipment Industries, as follows:
  - . lower the power rating for engines of 8407.32.10 and 8407.90.30 and parts thereof from 4.5 kW to 3.6 kW;
  - . allow duty free entry of parts for pumps and compressors of 8413.30.10, 8414.20.00, 8414.40.90 or 8414.80.90;
  - . introduce a progressive lowering of duty rates for mobile lifting frames on tyres and straddle carriers of 8426.12.00 from 21% on 1 July 1989 to 15% on 1 July 1992;
  - . provide duty free importation of a wide range of mining, construction and agricultural equipment;
  - . set a new general rate of duty of 15% for mowers of 8433.1; and
  - . introduce three new Schedule 4 items which accord duty free entry to certain complete capital equipment; and
- amendment to lower the duty rates on disodium carbonate (soda ash) to redress the added protection levels caused by amendments to the customs valuation system on 1 July 1989. A progressive phasing of duty rates is in place to lower rates to 7.5% from 1 January 1992.

Clause 8 - Provides that amendments in Schedule 6 shall operate on and from 1 August 1989

- . Covers - the introduction of a Free rate of duty on certain fabric woven from PVC coated polyester falling to 4601.99.00 and woven cut corduroy of subheading 5801.10.90; and
- the abolition of quotas and customs duty for ski-boots and cross-country ski footwear with uppers of textile materials and outer soles of rubber or plastics, classified under 6406.11.00. A consequential amendment has been made to the Table to item 22 in Schedule 5 to the Customs Tariff Act.

Clause 9 - Provides that amendments in Schedule 7 shall operate on and from 12 October 1989

- . Covers - amendments to reinstate the Government's decision on the Industries Assistance Commission's Report No. 401 on the Pulp, Paper, Paper Products and Printing Industries. The levels of protection for certain cast coated paper and paperboard were increased by the introduction of the Harmonized Tariff. This change reinstates pre-1 January 1988 levels with allowances made for the 1988 May Economic Statement.

Clause 10 - Provides that amendments in Schedule 8 shall operate 7 days after Royal Assent

- . Covers - amendments to the list of countries and places in Schedule 1 to the Customs Tariff Act which qualify for preferential treatment by:
  - . inserting:
    - Cote d'Ivoire,
    - Hungary,
    - Myanmar,
    - Poland; and
  - . deleting:
    - Burma; and
    - Ivory Coast;
- revocation of the redundant item 33 in Schedule 4 to the Customs Tariff which provided duty free entry of certain goods which previously attracted the 2% revenue rate. This rate was abolished following the 1988 May Economic Statement; and



- amendments to correct, on compelling industry grounds, a number of anomalies caused by the introduction of the Harmonized Tariff on 1 January 1988, as follows:
  - . reduces the duty on biscuits of subheadings 1905.20.00, 1905.30.00, 1905.40.00 and 1905.90.00 from 10% to 5%;
  - . increases the duty rate on paper of subheading 3703.10.10 from 5% to 13% immediately and then introduces a progressive phasing to 10% from 1 July 1992.
  - . uplifts the duty rates on plywood of subheadings 4412.29.10 and 4412.99.10 from 13% to 21% initially, with a phasing of rates to 15% on and from 1 July 1992;
  - . creates a new subheading of 8208.40.10 for knives and cutting blades for use with wood chipping machines, which attract a general rate of 21%; and
  - . introduces new treatment for parts and accessories for use with machines of headings 8456 to 8465 by increasing tariff rates from 5% to a phasing rate of 21% initially and then reducing to 15% from 1 July 1992. New policy by-law provisions provide duty free entry for these parts and accessories which are to be used in the manufacture or assembly of certain machinery.

Clause 11 - Provides that the amendment in Schedule 9 shall operate on and from 1 January 1990

- . Covers - amendment to delete the reference to sub-section 269C(1B) of the Customs Act 1901 from item 19 in Schedule 4 to the Customs Tariff Act. This amendment is consequential on the changes contained in the Customs and Excise Legislation Amendment Bill (No. 4) 1989.













