

1989

PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

CUSTOMS TARIFF (COAL EXPORT DUTY) AMENDMENT BILL 1989

EXPLANATORY MEMORANDUM

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

## CUSTOMS TARIFF (COAL EXPORT DUTY) AMENDMENT BILL 1989

### OUTLINE

The main purpose of this Bill is to amend the *Customs Tariff (Coal Export Duty) Act 1975* ("the Act") to continue an exemption from liability to pay customs duty already conferred on certain coal by subsections 7(3) and 7(4) of the Act.

The amendment will maintain the existing exemption from duty for open-cut production from the Moura and South Blackwater mines located in the Bowen Basin in Queensland, where that exempt coal is blended with other coal from other mines before exportation (Clause 3).

- . The existing exemption in the Act is framed in such a way that Moura and South Blackwater coal blends are exempt from duty if exported as single blends, but they lose that exemption if further blended with coal from other mines before exportation. It has recently become commercially advantageous, and commercially possible following recent corporate restructuring in the affected mines, to engage in such further blending prior to exportation.

### Financial Impact Statement

This measure has no direct financial implications, as its sole purpose is to maintain an existing exemption from liability to pay Customs duty. There will be no overall coal export duty loss as a result of the proposed change.

## Notes on Clauses

### Short title etc.

- Clause 1 provides for the citation of the Act, and identifies the *Customs Tariff (Coal Export Duty) Act 1975* as the Principal Act for the purposes of this Act.

### Commencement

- Clause 2 provides that the Act shall be deemed to have come into operation on 1 July 1988, the date proposed in the relevant Customs Tariff Proposal (No.1 of 1988).

### Exemption

- Clause 3 amends section 7 of the Principal Act by inserting a new subsection (2A).

- the Act imposes customs duty liability on coal exported from Australia. Over the years various exemptions have been introduced into the Act so that, at present, section 7 of the Act imposes the duty liability solely on high quality coking coal (HQCC). Not all HQCC is subject to customs duty however, as subsections 7(2), 7(3) and 7(4) provide the circumstances for exemption from the duty liability.

subsection 7(2) provides an exemption for HQCC produced underground, or in various open-cut mines at depths greater than 60 metres; or in various mines subject to a declaration under section 8.

subsection 7(3) provides that, in relation to a mine which produces and exports "coal of the relevant blend", during a prescribed six-month period, and also did so during the prescribed year, then that blend of HQCC is exempt provided at least 15% of that HQCC blend was produced from underground mining operations, AND all of the resulting blend was produced at the same mine.

- "coal of the relevant blend" is defined in the subsection as being a blend of HQCC which contains underground and open-cut coal produced at the same mine.
- the "prescribed year" is defined in subsection 7(5) as being the period of 12 months commencing on 28 May 1983.

subsection 7(4) provides that, in relation to a mine which produces and exports "relevant coal" during a prescribed six-month period, and also did so during the prescribed year, then that HQCC is exempt provided that on average during the prescribed six-month period at least 15% of the total HQCC was produced from underground mining operations;

- . "relevant coal" is defined in the subsection as being HQCC containing on average at least 15% underground coal, which was exported during a prescribed period from a mine which exported on average at least 15% underground coal during the prescribed year;
- . the "prescribed year" is defined in subsection 7(5) as being the period of 12 months commencing on 28 May 1983.

new subsection (2A) will provide that, where "coal of the relevant blend" or "relevant coal" (ie coal which is exempt from duty under subsection 7(3) or 7(4)) is blended with other coal from one or more other mines to produce HQCC, then that portion of the HQCC which was exempt from duty under subsections 7(3) or 7(4) prior to the blending should remain exempt from duty;

- . the intention therefore is to retain the exemption conferred by subsections 7(3) and 7(4) on the "coal of the relevant blend" or "relevant coal", without extending that exemption, by reason of blending, to any other coal with which "coal of the relevant blend" or "relevant coal" is blended.