

1990

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

CUSTOMS TARIFF AMENDMENT BILL 1990

EXPLANATORY MEMORANDUM

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

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CUSTOMS TARIFF AMENDMENT BILL 1990

General Outline

The purpose of this Bill, which includes 8 Schedules, is to enact a range of changes to the Customs Tariff Act 1987.

Clause 11 contains the following changes:

- (i) an administrative requirement to ensure that certain amendments contained in the Customs Tariff Amendment Act 1989 have due effect.

Schedule 1 contains the following changes:

- (i) amends the wording of Note 4 to Chapter 28 to comply with the international Harmonized System Convention; and
- (ii) inserts a Free rate of duty for certain articles of apparel and clothing accessories of vulcanised rubber of subheading 4015.90.90. The Act currently does not show a rate.

Schedule 2 contains the following changes:

- (i) amends the subheading description of certain fabrics of subheading 5212.12.20; and
- (ii) extends the scope of item 40A in Part III of Schedule 4 to include lightweight wool fabrics of headings 5111 and 5112.

Schedule 3 contains the following changes:

- (i) adds a percentage sign to the 2.5 duty rate for certain straw and fodder balers of Canadian origin of subheading 8433.40.90; and
- (ii) amends item 44 in Part III of Schedule 4 to ensure that the provisions of this item extend to goods of New Zealand, Papua New Guinea, Forum Island and Developing Country origin.

Schedule 4 contains the following amendments:

- (i) the removal of the now redundant items 36C and 38B in Part III of Schedule 4 as the "sunset" entry provisions of these items have now expired.

Schedule 5 contains the following amendments:

- (i) deletes New Zealand rates of duty from heading 5903;
- (ii) changes Note 3 to Schedule 5 to allow the incorporation of badges, labels, logos, and the like in apparel without the application of separate tariff treatment; and
- (iii) puts in place the tender quota rates for textiles, clothing and footwear goods for the period 1 March 1990 to 28 February 1991.

Schedule 6 contains the following changes:

- (i) deletes redundant duty rates from those subheadings where phasing rates have been fully implemented; and
- (ii) allows the close up of tariff subheadings where common rates of duty have been reached.

Schedule 7 contains the following deletion:

- (i) revocation of item 1 in Part I of Schedule 4 which allowed duty free entry of goods for Commonwealth departments and instrumentalities.

Schedule 8 contains the following changes:

- (i) amends the official names of certain countries in Schedule 1 which qualify for developing country preference;
- (ii) allows duty free entry of protein concentrates, coal tar, and pitch of subheadings 2106.10.10, 2706.00.10 and 2708.10.00;
- (iii) an amendment to subheading 2206.00.90 which will levy duty on the spirituous component of mixed beverages at the same rate as is levied on similar Australian produced beverages;
- (iv) amends the subheading wording of 4823.90.10 to provide a more specific description of certain goods of paper and paperboard of this subheading;
- (v) inserts a Free rate of duty for parts for programmable controllers of subheading 8538.90.20;
- (vi) an amendment to the treatment of ride-on motor mowers of subheading 8701.90.1 emanating from the Government's decision on the Industries Assistance Commission's Report No. 413 on the Mining, Construction and Agricultural Equipment Industries;
- (vii) a number of minor administrative amendments as a result of previous legislative changes; and
- (viii) the revocation of the now redundant paragraph (a) to item 42B in Part III of Schedule 4 which provided duty free entry for certain automotive components of New Zealand origin.

FINANCIAL STATEMENT

The value of the tender quota allocation for 1990/1991 has been raised by twenty per cent above 1989/1990 levels and the increased imports are expected to raise an additional \$101.6 million in customs revenue.

It is difficult to assess the amount of revenue which will be foregone by allowing protein concentrates to be imported duty free as separate import figures were not kept for the current financial year. Based on past figures and applying this on a pro rata basis to current imports it is expected that the amount of customs duty involved will be about \$350,000.

Changes to the duty rates on pitch and coal tar will involve revenue losses in a full financial year of \$700,000 and \$127,000 respectively.

The cost to Commonwealth departments and instrumentalities of paying customs duty on all their imports is very difficult to assess in actual monetary terms. Local manufacturers are expected to benefit from the change through an increase in the sale of Australian goods to the Commonwealth.

The effect of the textiles, clothing and footwear sector amendments and the changes to the treatment of ride-on motor mowers contained in this Bill is not considered to be significant.

Other amendments are of an administrative nature and will have no financial impact.

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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 1990

Clause 2 -

Sections 1 and 2 - Date of Royal Assent

Section 3 - 1 July 1988

Section 4 - 1 March 1989

Section 5 - 1 July 1989

Section 6 - 1 January 1990

Section 7 - 1 March 1990

Section 8 - 1 July 1990

Section 9 - 1 October 1990

Section 10 - commences 7 days after this Act receives the Royal Assent

Section 11 - 1 January 1988

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

- . Covers - the addition of the word "be" to Note 4 to Chapter 28 to align the description with the international Harmonized System Convention; and
 - inserts a Free rate of duty for certain articles of apparel of vulcanised rubber of subheading 4015.90.90 in accordance with the 1988 May Economic Statement.

Clause 4 - Provides that amendments in Schedule 2 shall operate on and from 1 March 1989

- . Covers - the addition of the word "the" to the subheading description of 5212.12.20 covering certain fabrics suitable for use as bed sheeting, pillow casing or bolster casing; and
 - amends the list of tariff headings in the Table to item 40A in Part III of Schedule 4 to include 5111 and 5112.

- Clause 5 - Provides that amendments in Schedule 3 shall operate on and from 1 July 1989
- . Covers - the correction of an omission in Act 176 of 1989 by inserting a 2.5% rate of duty from July 1992 for certain straw and fodder balers of subheading 8433.40.90 of Canadian origin; and
 - an amendment to item 44 in Part III of Schedule 4 to the Customs Tariff Act 1987 ensure that the provisions of this item encompass goods of New Zealand, Papua New Guinea, Forum Island and Developing Country origin.
- Clause 6 - Provides that the amendment in Schedule 4 shall operate on and from 1 January 1990
- . Covers - removal of redundant items 36C and 38B in Part III of Schedule 4 to the Customs Tariff Act 1987. These items were part of the chemical and plastics industries assistance arrangements announced by the Government on 30 October 1986. Phasing arrangements were introduced for a large number of "end-use under security", "shortfall" and "fall short" concessions that existed at that time. The entry provision criterion expires on 31 December 1989.
- Clause 7 - Provides that amendments in Schedule 5 shall operate on and from 1 March 1990
- . Covers - removal of New Zealand duty rates from subheadings 5903.10.90, 5903.20.90 and 5903.90.90 made in the context of the accelerated ANZCERTA arrangements;
 - changes to Schedule 5 to the Customs Tariff Act 1987 for TCF goods for the period 1 March 1990 to 28 February 1991 following the determination of rates under the 1990 Tender Quota Scheme; and
 - amends Note 3 to Schedule 5 to allow the incorporation of badges, labels, logos, and the like in industrial craft garments and apparel without the application of separate tariff treatment.

Clause 8 - Provides that amendments in Schedule 6 shall operate on and from 1 July 1990

- . Covers - deletion of redundant duty rates from those subheadings where phasing rates have been totally implemented. There has been some amalgamation of national subheadings at the seven and eight figure level where rates of duty were the same. No changes in levels of assistance have occurred.

Clause 9 - Provides that the amendment in Schedule 7 shall operate on and from 1 October 1990

- . Covers - removal of item 1 in Part I of Schedule 4 to the Customs Tariff Act 1987. This item permitted duty free importation of goods owned by Commonwealth departments and instrumentalities.

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

- . Covers - changes to the official names of a number of countries in Schedule 1 to the Customs Tariff Act 1987 whose imports are accorded developing country status;

- the following minor administrative amendments:

- . changes tariff subheading references in

- sub-Note 1(c) to Chapter 15, heading to 4304, Note 4 to Chapter 43, subheading Note 1 to Chapter 64, sub-Note 3(o) to Chapter 71, heading to 7610 and sub-Note 2(c) to Section XV; and

- add the heading "Additional Notes." in Chapter 84;

- inserts a Free rate of duty for protein concentrates of 2106.00.10 which redresses an anomaly caused at the time of the introduction of the Harmonized Tariff;

- amends the treatment of mixed spirituous beverages. This amendment imposes a duty on the spirituous component of goods of 2206.00.90 equivalent to that applied to similar Australian produced mixed beverages;

- provides duty free importation of coal tar and pitch of subheadings 2706.00.10 and 2708.10.00;

- substitutes the word "goods" for "articles" in the wording of subheading 4823.90.10 to provide a more specific description for paper and paperboard of this subheading;
- an amendment to subheading 8538.90.20 to provide a Free rate of duty for parts for programmable controllers. This change removes an anomaly caused at the introduction of the Harmonized Tariff;
- a change to the treatment of ride-on motor mowers of 8701.90.1 emanating from the Government's decision on the Industries Assistance Commission's Report on the Mining, Construction and Agricultural Equipment Industries; and
- removal of paragraph (a) in item 42B in Part III of Schedule 4 to the Customs Tariff Act 1987 which provided duty free entry for certain goods the produce or manufacture of New Zealand. This is now redundant because of the expiration of the Bounty (Commercial Motor Vehicles) Act 1978.

Clause 11 - Provides that amendments in this Clause shall operate on and from 1 January 1988

- . Covers - An administrative requirement to ensure that certain amendments contained in the Customs Tariff Amendment Act 1989 have due effect.