

1993-94

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES/THE SENATE

CUSTOMS TARIFF AMENDMENT BILL 1994

EXPLANATORY MEMORANDUM

(Circulated by the authority of the
Minister for Industry, Technology and Regional Development
Senator the Honourable Peter Cook)

CUSTOMS TARIFF AMENDMENT BILL 1994

General Outline

The purpose of this Bill, which includes 6 Schedules, is to enact a range of changes to the *Customs Tariff Act 1987*.

Sections 3 to 5 contain the following changes:

- (i) amendments to remove references to quota restrictions from the Principal Act.

Section 6 contains the following amendment:

- (i) consequential amendment to the Table in section 26(1) to the Principal Act to allow the automatic flow-on of consumer price index increases to aviation kerosene.

Schedule 1 contains the following amendment:

- (i) consequential amendment to tariff subheading 8538.90.10.

Schedule 2 contains the following change:

- (i) amends the coverage of item 62 in Schedule 4 to include curd.

Schedule 3 contains the following amendments:

- (i) inserts Eritrea in Schedule 1 to the Principal Act to accord goods from that country concessional tariff treatment; and
- (ii) increases the rate of duty on aviation fuels.

Schedule 4 contains the following changes:

- (i) amendments to the description of leaded and unleaded petroleum products to align them with the description of goods used in the *Excise Tariff Act 1921*; and
- (ii) inserts item 63 in Schedule 4 to the Principal Act.

Schedule 5 contains the following amendments:

- (i) inserts a 5% rate of duty for textile yarns.

Schedule 6 contains the following amendment:

- (i) an administrative change to redress a printers error in Act 99 of 1993.

FINANCIAL STATEMENT

The increase in the Customs duty of 0.264 cents per litre on aviation gasoline and aviation kerosene is balanced by an equivalent increase in the moneys appropriated to the Civil Aviation Authority. The financial impact is neutral.

The budget implications of the textile yarns initiative were costed into the total textiles, clothing and footwear package announced in the 1991 Industry Statement and it is not possible to isolate the financial equation of this single initiative.

The other changes are of an administrative nature or have only minor revenue implications.

CUSTOMS TARIFF AMENDMENT BILL 1994

NOTES ON SECTIONS

A Bill for an Act to amend the *Customs Tariff Act 1987*, and for related purposes.

Section 1 - Citation - Customs Tariff Amendment Act 1994

Section 2 -

Subsection 1 - Date of Royal Assent

Subsection 2 - Commences 14 days after this Bill receives Royal Assent

Subsection 3 - 1 July 1992

Subsection 4 - 1 March 1993

Subsection 5 - 1 September 1993

Subsection 6 - 1 July 1995

Subsection 7 - Commences 14 days after this Bill receives Royal Assent

Sections 3 to 5 - Provides that amendments shall operate on and from 14 days after Royal Assent

. Covers - Import quota restrictions were abolished from 1 March 1993. These administrative changes remove redundant references to quota controls from the Principal Act.

Section 6 - Provides that amendments shall operate on and from 1 September 1993

. Covers - The 1993/94 Federal Budget contained provisions to increase the duty on aviation gasoline and aviation kerosene by 0.264 cents per litre. These increases will enable the Civil Aviation Authority to recover part of the cost of aviation safety regulation from the aviation industry. The recovery of the balance of the industry's contribution to this cost will be phased in over the next two years.

. The amendment in section 6 to the Table to section 26(1) to the Principal Act will allow consumer price index increases to be applied to the rate of duty.

Section 7 - Provides that the amendment in Schedule 1 shall operate on and from 1 July 1992

- . Covers - This contains a consequential/administrative change to the description of goods of subheading 8538.90.10. A recent tariff amendment combined two subheadings necessitating this change.

Section 8 - Provides that the change in Schedule 2 shall operate on and from 1 March 1993

- . Covers - The quota arrangements for certain types of cheese are administered through item 62 in Schedule 4 to the Principal Act. This amendment adds curd to the goods covered by the item.

Section 9 - Provides that the changes in Schedule 3 shall operate on and from 1 September 1993

- . Covers - Adds Eritrea to the list of countries in Schedule 1 to the Principal Act whose imports receive concessional entry under the Australian System of Tariff Preferences. Eritrea will be treated as a less developed country and its exports will not be subject to the phase-out in the margin of preference which was announced in May 1993; and

Increases the rate of duty on aviation kerosene of subheading 2710.00.40 and aviation gasoline of subheading 2710.00.51 by 0.264 cents per litre. The increase was announced in the 1993/94 Federal Budget and is to enable the Civil Aviation Authority to recover part of the cost of aviation safety regulation from the aviation industry. The recovery of the balance of the industry's contribution to this cost will be phased in over the next two years.

Section 10 - Provides that the amendments in Schedule 4 shall operate on and from 14 days after this Bill receives Royal Assent

- . Covers - Three administrative amendments to align the description of goods for subheadings 2707.50.11, 2710.00.52 and 2710.00.53 covering unleaded and leaded petroleum products with that used in the *Excise Tariff Act 1921*; and

Inserts a new item 63 in Schedule 4 to the Principal Act. The new item allows reference materials to be imported free of duty. Reference materials are materials of accurately known composition and are used as the standard against which like materials and processes are compared and apparatus calibrated.

Section 11 - Provides that the amendments in Schedule 5 shall operate on and from 1 July 1995

- . Covers - The 1991 Industry Statement (Building a Competitive Australia) contained a strategy to ensure that textile yarn manufacturing became more internationally Competitive (refer to pages 5.14 and 5.15 of the Statement);

Bounty payments of 30% value added on 1 July 1992 will be phased to zero by 30 June 1995. The bounty will then be replaced by a 5% duty on the subject goods.

Section 12 - Provides that the amendment in Schedule 6 shall operate on and from 14 days after this Bill receives Royal Assent

- . Covers - An administrative amendment to correct an error caused in the printing of Customs Tariff Amendment Bill (No. 2) 1993.

1

2

3

4



9 780644 301916