

1985-86

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

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TOBACCO CHARGE (NO. 1) AMENDMENT BILL 1986

TOBACCO CHARGE (NO. 2) AMENDMENT BILL 1986

TOBACCO CHARGE (NO. 3) AMENDMENT BILL 1986

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EXPLANATORY MEMORANDUM

(Circulated by authority of the Acting Treasurer,  
the Hon. Chris Hurford, M.P.)

GENERAL OUTLINE

The Tobacco Charge (Nos. 1-3) Amendment Bills 1986 will amend the Tobacco Charge Acts (Nos. 1-3) 1955 to restore, with effect from 1 April 1986, the rate of the tobacco charge that applied immediately prior to that date.

FINANCIAL IMPACT

The amendments proposed will have no net effect on revenue but will continue long-standing arrangements for funding the Australian Tobacco Board and tobacco research. Total collections are directed to these two areas and the amendments will ensure that there is no reduction in collections for the 1985-86 financial year. It is estimated that collections in respect of April 1986 will be some \$300,000.

INTRODUCTORY NOTE

The Tobacco Charge Acts (Nos. 1-3) 1955 impose tobacco charge on, broadly, the following dealings in Australian tobacco leaf -

- . the sale of tobacco leaf to manufacturers of tobacco products for smoking (Tobacco Charge Act (No. 1));
- . the purchase of tobacco leaf by such manufacturers (Tobacco Charge Act (No. 2)); and
- . the appropriation, for manufacturing purposes and by manufacturers, of tobacco leaf grown by them (Tobacco Charge Act (No. 3)).

Immediately prior to 1 April 1986, the Acts imposed tobacco charge at the rate prescribed under the Tobacco Charge Regulations. At that time, a rate of 3.5 cents per kilogram of tobacco leaf was so prescribed.

In order to implement new arrangements for the allocation of tobacco charge collections to the funding of the Australian Tobacco Board and to tobacco research, the Tobacco Charge Acts were amended in 1985 to replace the provisions prescribing the single rate of the tobacco charge with provisions imposing the charge at a rate equal to the aggregate of two amounts to be prescribed in the Tobacco Charge Regulations. Those two amounts were to represent the proportions of the tobacco charge to be allocated to the Australian Tobacco Board and to tobacco research.

By their terms, the 1985 amendments of the Tobacco Charge Acts were not to come into operation until regulations were made under the Rural Industries Research Act 1985 declaring the tobacco charge to be a prescribed class of levy for the purposes of that Act. Those regulations - and thus the amendments of the Tobacco Charge Acts - came into operation on

1 April 1986 At that time, however, regulations had not been made under the Tobacco Charge Acts prescribing the two amounts that were to comprise the rate of the charge. As a consequence, since 1 April 1986 there has been no rate of tobacco charge prescribed.

The amendments proposed by these Bills will restore, with effect from 1 April 1986, the rate of tobacco charge applicable immediately prior to that date - 3.5 cents per kilogram of tobacco leaf - and, in conjunction with the Rural Industries Research Act 1985, will effectively allocate 0.8 cents per kilogram to the Australian Tobacco Board and 2.7 cents per kilogram to tobacco research.

A detailed explanation of the Bills is contained in the following notes.

#### TOBACCO CHARGE (NOS. 1-3) AMENDMENT BILLS 1986

##### Clause 1 : Short title, &c.

Sub-clause 1(1) of each Bill formally states the citation of the amending Act - that is, the Tobacco Charge (No. 1) Amendment Act 1986, the Tobacco Charge (No. 2) Amendment Act 1986 or the Tobacco Charge (No. 3) Amendment Act 1986, as appropriate. In each case, the Tobacco Charge Act that is being amended is, by sub-clause 1(2), referred to in the relevant amending Act as "the Principal Act".

##### Clause 2 : Commencement

By clause 2 of each Bill, the relevant amending Act will come into operation on the day on which it receives the Royal Assent. But for this clause, each amending Act would, by reason of sub-section 5(1A) of the Acts Interpretation Act 1901, come into operation on the twenty-eighth day after it received the Royal Assent.

##### Clause 3 : Prescribed amounts

Each of the Tobacco Charge Acts (Nos. 1-3) presently provides - in sections 5, 6 and 5, respectively - that the rate of the charge is the aggregate of the amounts prescribed for the purposes of paragraphs 5(a) and 5(b) of the Tobacco Charge Act (No. 1). By clause 3 of each Bill, new sections 5A, 6A and 5A, respectively, will be inserted in the Acts (Nos. 1-3) to provide that, until regulations are made prescribing amounts for the purposes of section 5 of the Tobacco Charge Act (No. 1) -

- . the amount of 0.8 cents per kilogram of tobacco leaf is prescribed for the purposes of paragraph 5(a) of that Act (i.e. the amount to be allocated to the funding of the Australian Tobacco Board); and

- . the amount of 2.7 cents per kilogram of tobacco leaf is prescribed for the purposes of paragraph 5(b) of that Act (i.e. the amount to be allocated towards tobacco research).

Clause 4 : Application of amendment

Clause 4 of each Bill will ensure that the amendments proposed by clause 3 apply to any taxable transactions or acts covered by the Principal Acts occurring on or after 1 April 1986. The taxable transactions or acts to which clauses 4 of the Bills will apply are -

- . the sale of Australian tobacco leaf, on or after 1 April 1986, to a manufacturer of tobacco products for smoking - Tobacco Charge (No. 1) Amendment Bill 1986;
- . the purchase of Australian tobacco leaf, on or after 1 April 1986, by a manufacturer (other than a growers' co-operative association that, during the calendar year preceding the date of the purchase, purchased from its shareholders not less than nine-tenths of the tobacco leaf purchased by it during that year) - Tobacco Charge (No. 2) Amendment Bill 1986; and
- . in respect of Australian tobacco leaf grown by a manufacturer, its appropriation for manufacturing purposes, on or after 1 April 1986, by the manufacturer - Tobacco Charge (No. 3) Amendment Bill 1986.