Customs Tariff Amendment Bill (No. 2) 1989

Date Introduced: 4 May 1989
House: House of Representatives

Digest of Bill

Purpose

The principle amendments relate to the treatment of transport containers and topped crude oil.

Background

The amendments contained in this Bill result from a number of factors, including Budget decisions, the consideration of Industries Assistance Commission reports, the implementation of government policy, and an attempt to prevent the loss of revenue.

The amendment relating to transport containers arises from the government's decisions on the IACs report on transport containers which was released in February 1988. The report concluded that the current rate of duty of 30% on most containers was distorting the allocation of resources and was resulting in Australian customers for containers paying a higher price than was necessary. This was seen to be most important in regard to containers used in shipping. The IAC found that there would be a net gain to Australia from the reduction or removal of the duty, particularly as regards coastal shipping. The situation is further complicated by the Container Convention which places restrictions on the use of international containers in domestic use. ANL estimated that it could save approximately $1 million per year if this restriction was lifted. The removal of the duty will assist the lifting of these restrictions. The IAC recommended that the rate of tariff be either removed or reduced to 15%. It estimated that there would be greater gains in the removal of the tariff.

The change involving topped crude oil aims to protect the current revenue raised from the tariff on crude. Presently, all topped crude oil (i.e. oil from the well) is not subject to a tariff, with a tariff being payable on the refined products. The potential revenue effect arises from crude not being sent to local refiners (as was required by the crude oil allocation scheme which has been abandoned) but being sent elsewhere. It is estimated that the effect on revenue could be as high as $14 million if steps are not taken to prevent the revenue loss.
Other amendments relate to the introduction of the harmonised tariff classification. As items are found to be wrongly classified or the international standard of classification changes, it is necessary to alter the classification of the relevant item in the Australian legislation. The harmonised tariff arrangement aims to achieve an international standard for the classification of items.

Main Provisions

The main amendments are contained in the Schedules to the Bill.

The amendments contained in schedule 1 relate to the harmonised classification of items and reduce the rate on embroidery kits to 15% as part of the textile, clothing and footwear (TCF) plan.

Schedule 3 will introduce a tariff on certain scent sprays. The initial general rate of duty will be 15%, falling to 10% by 1992. The amendment is the result of an IAC report.

The current general 30% rate on transport containers will be removed by schedule 4. From 25 January 1989 these items will not be subject to a tariff.

The amendments in schedule 5 will introduce a tariff on crude oil feedstock that is delivered other than to a licenced manufacturer under the Excise Act. This amendment aims to protect the government's revenue in this area.

The amendments in Schedule 6 deal with the implementation of part of the TCF plan. The amendments affect relatively minor areas, such as carpets made by hand-held machinery.

Schedule 7 will remove the current 5% tariff on certain petroleum gases. As well, the schedule will make minor increases to the tariff on paper other than paper used for writing, painting or other graphic uses. The general rate increases the current rate from 14% (this was intended to fall to 10% by 1992) to 15%.

For further information, if required, contact the Law and Government Group.

30 May 1989

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This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

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