Customs Tariff Amendment Bill (No. 3) 1988

Date Introduced: 7 November 1988
House: House of Representatives
Presented by: Hon. Barry Jones, M.P., Minister for Science, Customs and Small Business

Digest of Bill

Purpose
To amend the customs duty on certain raw and refined sugar, and the assistance provided, to the textiles, clothing and footwear industries. The Bill will also make a number of minor amendments to the Customs Tariff Act 1987 (the Principal Act).

Background
The more important measures contained in this Bill form part of the 1988–89 initial Budget measures (the May Statement). It was announced in the May Statement that the prohibition on the importation of sugar and sugar products was to be replaced by an ad valorem tariff of 25% on refined sugar and 35% on raw sugar, to be reduced progressively to 15% by 1 July 1992. ¹ Also refer to the Digest for the Primary Industries and Energy Legislation Amendment Bill (No. 2) 1988.

In November 1986, the Government announced details of new assistance arrangements to apply to the textiles, clothing and footwear (TCF) industries following the expiry of the current industry plan in 1989. The new package includes adjustment assistance for affected workers and regions; phased removal of quotas by March 1996; within-quota tariffs for clothing and footwear being increased from 50% and 40% to 60% and 50%; and the establishment of a TCF Development Authority. For an outline of the new TCF plan refer to the Digest for the Textiles, Clothing and Footwear Development Authority Bill 1988. In the May Statement, the Government announced that it would modify the post-1988 TCF plan in light of reductions being made in assistance to other industries. The TCF plan will be shortened by eight months, and will now operate until 30 June 1995. Within-quota tariffs for clothing and footwear will be increased to 55% and 45% instead of 60% and 50%.²

Main Provisions
Schedule 1 of the Bill will amend Schedule 3 of the Principal Act to reduce the maximum rate of duty on polyphenyle oxide (an industrial resin) to 10%. The current rate is 20%. This amendment will operate from 1 January 1988 (clause 4).
Schedule 2 of the Bill will restore the 15% rate of tariff on certain paper-cutting machines and parts. This amendment will operate from 22 June 1988 (clause 5).

The rate of tariff on certain raw and refined sugar will be increased from 10% to 35% from 1 July 1989, and then reduced in phases, to an industry-wide rate of 15% by 1 July 1992. Schedule 3 also will remove the duty on kerosene for use in aircraft. The duty will be replaced by flight charges. These amendments will operate from 1 July 1988 (clause 6).

Schedule 4 of the Bill will increase the duty on glass fibre insect screens from 20% to 30%. As a result, glass fibre insect screens will attract the same rate of tariff as glass wool, from which insect screens are made. In addition, the tariff rate will be reduced in phases, from 30% to 15%, over three years. These amendments will operate from 6 July 1988 (clause 7).

Schedule 3 of the Principal Act will be amended by Schedule 5 of the Bill to implement the new taxing arrangements for beer (i.e. the rate of tax being alcohol based) in respect of imports. This amendment will operate from 24 August 1988.

The amendments contained in Schedule 6 of the Bill principally relate to the implementation of the Government's plan for the chemical and plastics industries. The major amendments relate to the exclusion of certain metal stearates (anti-oxidising preparations) and vinyl wallpaper from tariff rate phasing arrangements. The tariff rate will be 10% for metal stearates, and 14% for vinyl wallpaper. These amendments will operate from 1 January 1989 (clause 9).

Schedule 7 of the Bill will implement aspects of the Government's modified post-1988 assistance arrangements for the TCF industries. There will be a reduction in tariff rates of 5% for certain garments, fabrics, and footwear. In addition, the TCF plan will end on 30 June 1995, eight months earlier than originally announced. These amendments will operate from 1 March 1989 (clause 10).

References
2. Refer to the Digest for the Bounty and Subsidy Legislation Amendment Bill (No. 2) 1988.

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