Customs Tariff Amendment Bill 1987

Date Introduced: 29 April 1987
House: House of Representatives
Presented by: Hon. Barry Jones, M.P., Minister Assisting the Minister for Industry, Technology and Commerce

Digest of Bill

Purpose
To make a number of amendments to the Customs Tariff Act 1982 (the Principal Act). The more important amendments relate to customs duty on certain refined petroleum products, assistance to the chemicals and plastics industries and measures under the Australia New Zealand Closer Economic Relations - Trade Agreement (ANZCERTA).

Background
Under the Government's oil pricing policy, the rate of excise is adjusted to match revenue lost or gained due to movements in the import parity price (IPP) of crude oil. For example, when the IPP fell sharply in early 1986, the rate of excise was increased to offset the losses to revenue of the fall in the IPP. When the rate of excise is altered, the rate of customs duty on imported petroleum products is adjusted to match the movement in the rate of excise.

The chemicals and plastics industries were examined by the Industries Assistance Commission (IAC) in its report No. 390 delivered in May 1986. The report noted the importance of the industries in Australia. It estimates that the industries account for 10% of the value added in manufacture in Australia and employs 83,600 people.1 The report also notes the wide scope of the industries, which are divided into five groups: petrochemical feedstocks and other raw materials, organic chemicals, inorganic chemicals, plastic and rubber products and chemical products. In regard to existing assistance measures, the report notes that the level of assistance is, in general, similar to that provided to the majority of industry.2 However, the level of assistance to the various groups of the industries was found to vary greatly, ranging from minimal levels to 40%. This range of assistance was considered to be a major impediment the industries becoming more internationally competitive.3 The preferred option was that tariffs be lowered to 15% over three years.4 The Government's response to the report was released by the Minister for Industry, Technology and Commerce on 30 October 1986. In summary, the Government decided to accept the IAC's recommendations, with tariffs being reduced to 15%, or lower, phased in over three to five years. Some tariffs below 15% were to be increased to remove anomalies. In addition, it was decided to reduce the rate of tariff on basic chemicals to 10% or minimal rates (i.e. the 2% revenue duty or free) depending on the class of the chemical.
Outline

The Bill contains 12 Schedules, each of which will operate from a different date.

Main Provisions

Schedule 1 of the Bill will amend Schedule 5 of the Principal Act to remove the 10% duty on child safety and booster seats imported from New Zealand. In addition, the rate of duty on ball point pens and parts from New Zealand will be reduced from 5% to zero. These amendments are a result of the ANZCERTA and will operate from 1 April 1986 (clause 5).

Schedule 3 of the Bill deals with the alteration of the rate of tariff on certain refined petroleum products. Reflecting the changes in excise, the rates on motor spirit and diesel, aviation fuel and kerosene and heating oil will be marginally reduced. These amendments will operate from 16 October 1986 (clause 7).

The duty on certain phosphoric acid, which is used in the production of high grade fertilizers, will be removed by Schedule 4 of the Bill which will operate from 1 November 1986 (clause 8).

Schedule 5 of the Bill will reimpose the duty on citrus juices which was removed on 10 December 1986. This reflects a recommendation of the IAC in its interim report on citrus fruit. This amendment will operate from 17 December 1986 to 9 December 1987. After that date a lower rate will apply (clause 9).

The amendments contained in Schedule 6 of the Bill principally relate to the implementation of the Government's plan for the textiles, clothing and footwear industries and the implementation of the ANZCERTA. The major amendments are the reduction in tariff on certain rubber goods from New Zealand and the insertion of tender quota rates of duty for certain textiles, clothing and footwear. The amendments will operate from 1 January 1987 (clause 10).

Schedule 8 will also implement aspects of the Government's response to the IAC's report on the chemical and plastics industries. The major amendments relate to the reduction of tariffs above 25% to that level and the reduction in the rate for base chemicals to 20 per cent. The amendments will apply from 1 February 1987 (clause 12).

Schedule 10 will also implement aspects of the textiles, clothing and footwear industries plan. The major amendments relate to the increase in tariff on knitted towelling and knitted towels from 35% to 60% and on interior textile blinds from 2% to 25%. The amendments will operate from 1 March 1987 (clause 14).

The rate of tariff on most power electronics will be set at 20% by the amendments contained in Schedule 11. This reflects the Government's response to the IAC's report on the power electronics industry. The amendments will operate from 10 March 1987 (clause 15).

References

For further information, if required, contact the Economics and Commerce Group.

24 July 1987

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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