Customs Tariff (Coal Export Duty) Amendment Bill 1984

Date Introduced: 13 September 1984
House: House of Representatives

Purpose

To provide an exemption from the payment of export duty on open-cut, high quality coking coal from certain mines, if specified quantities of underground coal from those mines is included in production for export.

Background

The coal export duty was introduced by the Labor Government as part of the 1975-76 Budget under the Customs Tariff (Coal Export Duty) Act 1975. At that time, world coal prices were high and the duty was introduced to extract some of the windfall profits of coal exporters. The level of duty was set at $6 per tonne on high quality coking coal and $2 per tonne for other coking coal.

In the 1976-77 Budget, the Liberal/NCP Government announced its intention to abolish the duty. The Government, however, faced with budget constraints, decided to phase it out rather than abolish it immediately. The duty was considered to be undesirable because it applied at the same rate to the relevant mines, without taking account of their individual viability. Marginal fields are disadvantaged, and it was believed that the duty could affect new developments.

A number of amendments have been made to the Principal Act to exempt certain types of coal from duty and to vary the rate of duty for other types. Currently, the only duty that exists is the levy of $3.50 per tonne on exports of high quality coking coal mined by open-cut methods at depths not exceeding 60 metres from mines in operation before 1 July 1980. The most recent exemption, namely $1 per tonne levy on steaming and soft coking coal exports, effective from 29 July 1982, was introduced by the Customs Tariff (Coal Export Duty) Amendment Act 1983 to assist the industry in facing difficult marketing conditions and high costs.
The international market is oversupplied with coking coal and, with the strong competition for markets amongst exporters, producers are receiving lower prices for exports. In 1983, the Government received representations from CSR and Thiess Dampier Mitsui for relief from the export duty on production from the Moura and South Blackwater Mines in the Bowen Basin in Queensland. In order to obtain a product of a quality suitable to meet export contract specifications, both mines must blend significant quantities of higher quality, higher cost underground coal with their open-cut coal. Consequently, producers' costs have been increased to such an extent that the imposition of the export duty on the open-cut coal in the exported product has significantly affected the rate of return of these producers.

In a Press Release, dated 29 May 1984, the Minister for Resources and Energy announced that exemption from the $3.50 per tonne levy would be granted to producers, in order to assist the viability of the mines concerned, who blend substantial quantities of underground coal with open-cut coal for export.

Main Provisions

The provisions of the Bill will come into effect on 28 May 1984 (clause 2).

Clause 3 provides for an exemption from the export duty for coal which has been blended from underground and open-cut coal provided that, on average there is at least 15 per cent of underground coal in the blended coal. Furthermore, the blended coal must be produced from mines which have consistently followed this practice in the year prior to 28 May 1984.

The exemption will also apply to coal produced from mines where at least 15 per cent of the total production of exported coal, on average, has been produced from underground mines. These mines also must have consistently followed this practice in the year prior to 28 May 1984.

For further information, if required, contact: