Date Introduced: 15 August 1978
House: House of Representatives
Presented by: Hon. W. Fife, Minister for Business and Consumer Affairs

Purpose

To impose a special additional duty of 12.5 per cent on imports of certain finished goods on which an import ceiling is imposed through tariff quota arrangements or import licensing restrictions.

Background

Since 1974 a wide range of Australian industrial products (including footwear, garments, assembled passenger and commercial motor vehicles) have been given protection by means of quantitative restrictions on imports. This method of protection has been utilised partly because it is a more certain means of protecting the local industry from import competition than tariffs. In addition calculations in the I.A.C. draft report on Textiles, Clothing and Footwear, Part A, indicated that the level of tariff protection equivalent to the current quantitative restrictions would be in the region of 50 to 100% for numerous products.

The utilisation of quantitative restrictions or quotas, however, gives importers who possess quotas a substantial advantage over those who do not, with the initial distribution of quotas being based on the past importing record of the applicant. However, the successful quota applicant subsequently may not have wished to import his full entitlement due to such factors as changes in the nature of his operations, and conversely others with an inadequate quota level may have wished to expand their importing operations. Consequently a profitable market in quotas has been established.

The transfer of quotas was in 1977 granted governmental approval provided the buyer and seller put in a joint request to the Department of Business and Consumer Affairs, with the Department taking no interest in the money or consideration that passes between the two traders.
The extra 12-1/2% duty is intended to reduce the windfall profits presently being enjoyed by those importers who receive quotas and to produce additional government revenue. According to the Minister, it is not intended that the increased tariff afford the relevant local industries increased import protection. However, increased protection may result if the importer passes on the tariff increase to consumers in the form of higher prices.

The increased tariffs are estimated to generate additional revenue of approximately $64m in 1978-79 and about $75m in a full year. The citing of the increased tariff as being a revenue generating measure allows Australia to comply with the provisions of the G.A.T.T.

However, whether the measures comply with the Industries Assistance Act is being questioned in that the tariff duties were increased without reliance on an Industries Assistance Commission Report.

Provisions

Clause 2 deems that the Act shall come into operation on 16 August 1978.

Clause 3 provides for the Customs Tariff Act 1966 to be amended according to the Schedule which sets out the new rates of duty for each tariff item number. A list of the commodities subject to the extra duty was incorporated in Hansard with the second reading speech. The main items are brandy, a range of clothing and footwear, bed linen, curtains, files and rasps, vices, razor blades, chest freezers, chain hosts, passenger motor vehicles and sleeping bags.