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REVIEW OF AUSTRALIA'S GENERAL TARIFF ARRANGEMENTS

Thank you for your letter of 25 February 2000 and for the opportunity to provide comments to the Commission.

Customs has commented on those concessional arrangements that it administers and that were referred to in the submissions and transcripts that you have provided. You will note that the comments, provided at Attachment A, address administrative issues and not policy issues. Comments on policy issues should be obtained from the relevant government department. The government department responsible for each concession is indicated in Appendix 1 to Attachment B.

As requested, I also provide certain background information and data at Attachment B. Appendix 1 provides a summary of the policy/history for each policy item, and Appendix 2 provides a summary of statistics of applications for policy items and of requests for review of decisions on policy items.

Should you wish to discuss this information, please contact Mr John Arndell on (02) 6275 6383.

John Arndell

for Debbie Bates
National Manager
Tariff
20 April 2000

ATTACHMENT A

SUBMISSIONS AND TRANSCRIPTS OF PUBLIC HEARINGS

Submission No. 17 – MSAS Global Logistics

- MSAS urges the Commission to recommend the re-adoption of a free rate of duty for item 50 of the Tariff Concession System (refer to page 4).

This suggestion appears in a number of submissions. The rate of duty applicable to goods imported under the Tariff Concession System is a matter for the Government to consider. Customs does not, therefore, wish to comment on the suggestion.

Customs notes, however, that such a change would be likely to result in a reduction in the demand for most other industry policy concessions, some of which could become redundant (such as item 65). The demand for item 43 and 52 concessions, however, would be likely to increase with a return to the free rate of duty for item 50. Importers would be more likely to seek a Tariff Concession Order for complete equipment, as this would enable all separately imported parts to enter duty free under item 43 or 52.

- In calling for the continued use of the existing concession schemes, MSAS suggests that compliance costs (in preparing and lodging an application for a Tariff Concession Order) are high and often outweigh the benefits (page 5).

Customs does not charge any fees for an application for a Tariff Concession Order.

Before applying for a Tariff Concession Order, an applicant is required to make enquiries to establish that substitutable goods are not manufactured in Australia. Costs will be incurred in making those enquiries. Some applicants base their enquiries on the advice of the Industrial Supplies Office (ISO). The ISO charges for its research and reports.

Applicants for Tariff Concession Orders will also incur costs if they decide to employ a customs broker or consultant to prepare the application on their behalf. An application can be lodged without employing the services of a customs broker or consultant.

Submission No. 32 - Michael Haywood Trade Consultants (MH)

- Michael Haywood effectively proposes that item 43 revert to provisions in place when the item was first introduced. This would permit all separately imported components for machinery to be given item 43 consideration, whether or not they were sourced from a single supplier or available for shipment at the same time and place, as is currently the case (page 6).

The current restrictions on item 43 are the result of a change in Government policy in mid-1996. They are not the result of a change in Customs administration.

Customs is not in a position to comment on the Government's policy for item 43.

That said, for administrative reasons, Customs would not welcome a return to the provisions in place when item 43 was first introduced. Unlike the current policy, the original item 43 provisions were complex to administer. Under those provisions, requests for concessions required consideration by two Departments and a senior Minister. This was to ensure that the both the legislative provisions and the policy of

reducing costs to industry without disadvantaging local component manufacturers were met.

Customs is also concerned that a return to the original provisions of item 43 would restore the overlap between item 43 and Project By-Law items. Past experience has shown that overlapping policy items can cause misunderstandings and create administrative difficulties.

As a matter of clarification, under the original arrangements for item 43, concessions were granted on a shipment-by-shipment basis. It was not until 1991 that the administration of item 43 changed to allow consideration on a broad project basis. The amended provisions were later found to disadvantage local component manufacturers (contrary to Government policy), and administration of item 43 was tightened in 1995 so that concessions were granted only for specific goods.

- Michael Haywood infers that the 1996 changes to item 43 adversely affected major projects covering, for example, steel rolling mills and pulp and paper making equipment (page 6).

Customs notes that equipment for such projects is eligible for consideration under item 45 (a Project By-Law).

Submission No. 33 – Independent Paper Group (IPG)

- IPG believes that the change to the Tariff Concession System in 1996 has increased costs to the point where, with only a two-percentage point duty differential, it is not worth applying for a Tariff Concession Order (page 11).

Customs does not charge any fees for an application for a Tariff Concession Order.

Before applying for a Tariff Concession Order, an applicant is required to make enquiries to establish that substitutable goods are not manufactured in Australia. Costs will be incurred in making those enquiries. Some applicants base their enquiries on the advice of the Industrial Supplies Office (ISO). The ISO charges for its research and reports.

Applicants for Tariff Concession Orders will also incur costs if they decide to employ a customs broker or consultant to prepare the application on their behalf. An application can be lodged without employing the services of a customs broker or consultant.

- IPG infers that the effectiveness of the Tariff Concession System was undermined by the introduction of a broader definition of 'substitutable' goods. IPG suggests that the System should be amended to include a second criterion to the effect that, despite the availability of substitutable goods, the local manufacturer agrees to the concessional entry of particular goods for whatever reason (page 15).

When the Government amended the Tariff Concession System in 1996, the 'market test' criterion was removed. One of the consequences of this was to broaden the definition of 'substitutable' goods.

Changes to the criteria for the Tariff Concession System is a policy matter. The Department of Industry, Science and Resources has policy responsibility for the Tariff Concession System.

- In point 4.2 of its submission, IPG advocates the removal of tariffs on certain paper inputs, regardless of end-use, on the basis that most imports currently enter under the Tariff Concession System or policy by-laws. IPG suggests also that a bounty scheme be introduced to support local paper production. IPG cites a number of benefits that would flow from this approach, including departmental cost savings through the resultant revocation of industry policy concessions and the Tariff Concession System.

Paper and paperboard can be imported under the Tariff Concession System and under long-standing by-laws to items 39A, 39B, 39C and 57.

Customs is not in a position to comment on the suitability of current concessional arrangements for paper or other material inputs to manufacture. It notes, however, that those arrangements have led to a number of administrative difficulties.

Customs has received a number of approaches from importers seeking changes to by-laws under the various policy items for material inputs to avoid paying the Government's 3% duty on business inputs imported under the Tariff Concession System. Importers are concerned that material inputs that are manufactured in Australia, but not for specific end-uses, are duty free under various policy items, yet material inputs that are not manufactured in Australia for any end-use are dutiable at 3% under the Tariff Concession System.

The pressure for change is greater where concessions have been in place for extended periods, such as the chemical by-laws for item 36 (some of which are based on 1970s local manufacturing capabilities).

Customs notes that there is a significant degree of overlap between policy items for material inputs to manufacture (eg items 39A and 57).

Policy concessions for paper and other material inputs currently generate little work for Customs, with minimal resources being devoted to their administration. Similarly, of all concessions under the Tariff Concession System, a negligible number relate to papers falling within the tariff classifications cited by IPG. The revocation of concessions for paper inputs is not likely to generate substantial savings within Customs, contrary to inferences by IPG.

Submission No. 34 – DHL Worldwide Express

- DHL identifies the 'inverted tariff structure'—ie where imported components attract a higher rate of customs duty than the finished product—as inhibiting the achievement of the full potential of the Manufacturing in Bond (MiB) scheme. DHL proposes a more flexible arrangement for the tariff treatment and duty rates for imported components (page 2).

DHL has raised what is essentially an industry policy issue. It is considered that this issue should be addressed within the broad context of industry policy with consideration of the possible implications for industry assistance on relevant sectors of Australian industry. If this were not to occur, there is a real potential for anomalies to be introduced into the duty treatment of imports which could inadvertently result in adverse effects on the industry assistance currently provided to Australian component manufacturers. Addressing this issue on an ad-hoc basis also has the potential to create inequities and an unfair competitive advantage to those in the MiB scheme.

Currently, only one company has received approval to undertake manufacturing in bond. However, this company has not yet commenced such activity. It is therefore not possible to provide information on the administrative and compliance costs of MiB arrangements.

Submission No. 38 – Australian Petroleum Production and Exploration Association Limited (APPEA)

- APPEA states that the process of applying for a Tariff Concession Order, whilst providing a degree of transparency, is time consuming. Also, there is uncertainty as to whether an application will gain approval even though the Industrial Supplies Offices may have identified that there are no Australian manufacturers of the goods (page 11).

The legislation for the Tariff Concession System requires Customs to accept or reject an application within 28 days of the application being lodged. Details of those applications that are accepted as being valid are published in the Gazette. A local manufacturer has 50 days, from the date of the gazettal, to lodge an objection to the making of a Tariff Concession Order. Where there are no objections, a Tariff Concession Order is made and is effective from the date that the application was lodged with Customs.

As suggested, an applicant for a Tariff Concession Order may approach the Industrial Supplies Office. The Industrial Supplies Office may not be aware of potential local manufacturers of a particular product. That does not mean that there are no local manufacturers of that product nor that one or more of those local manufacturers will not object to the making of a Tariff Concession Order.

Within 50 days of details of an application appearing in the Gazette, a local manufacturer may lodge an objection to the making of the Tariff Concession Order. All objections are examined by Customs to ensure that the objector does manufacture substitutable goods in the ordinary course of business.

- Item 22 covers certain goods for use in petroleum or natural gas exploration or development, provided the goods meet the local manufacturing criteria of the general concession system. APPEA states that, contrary to Customs advice, item 22 is intended to apply to goods used in development activities that take place physically below the well-head after it is first attached (pages 10-11).

Customs considers that, under current legislative and policy provisions, item 22 does not apply to goods for use in development activities that take place after the well-head is first attached. This is consistent with the advice provided to APPEA's predecessor, the Australian Petroleum Exploration Association, in 1990 and 1991 by the then Minister for Industry, Science and Technology.

- APPEA further states that item 22 lists 33 exclusions (for which, by implication, there are substitutable goods produced in Australia) and that the item also specifies that either a Tariff Concession Order or a successful approach to an Industrial Supplies Office is required. APPEA argue that it is illogical to have both exclusions and a substitutable goods test (page 11).

The exclusions mentioned by APPEA are listed in the by-law to item 22 rather than in the item itself. Furthermore, the requirement for a Tariff Concession Order or an appropriate advice from a relevant organisation (such as the Industrial Supplies

Office) is specified in the guidelines for item 22, contained in Australian Customs Notice No. 97/06, rather than in the item itself.

Item 22 applies to those goods for which substitutes are not manufactured in Australia. Those goods on the exclusions list may be imported under item 22 provided that there is a Tariff Concession Order covering them. Those goods not on the exclusions list may be imported under item 22 provided that they meet the (less stringent) guidelines for item 22.

An exclusion list and a substitutable goods test apply for administrative ease and to reduce the risk of ineligible goods being imported under item 22. As the exclusions list identifies those goods known to have been made in Australia, the more rigorous and transparent test provided by the Tariff Concession System is applied before access can be gained to item 22.

- APPEA claims in its submission that the 1997 decision to introduce a substitutable goods test for item 22 has caused delays in accessing the concession (page 11).

There has been a local manufacture test inherent in this concession since its inception in the 1960s. Eligibility for the item has been tied to the local manufacture criteria of the former Consolidated By-Law System and the Commercial Tariff Concession System and of the current Tariff Concession System.

Customs found it increasingly difficult to identify local manufacturing capability without resorting to the general concession system. The timeframes associated with the general concession system did not provide timely access to item 22.

In 1997, after consultation with all stakeholders, including APPEA, the matter was resolved with the cooperation of organisations such as ISONET, which provided importers with much quicker (albeit less transparent) alternatives to the Tariff Concession System for satisfying the substitutable goods criteria for goods not in the exclusion list.

- As part of its submission to the Review, APPEA comments that existing Temporary Import (TI) provisions are considered to result in inequitable outcomes for goods used in exploitation of natural resources (page 5).

The comments covered:

i) the narrow interpretation of Regulation 124(c)(i) '...assembly or other industrial purposes approved by the Collector'. APPEA requested that the existing interpretation be extended to include goods that perform an action or function.

Note: As part of the TRADEX Scheme it is proposed to replace the 'other industrial purposes ...' clause with the following provision: "specialised equipment or tools for use in exploitation, production, manufacture, repair, modification or maintenance".

This amendment will remove the anomaly highlighted by APPEA.

ii) the exclusion of equipment used in the 'exploitation' of petroleum products.

Note: Both Annex 'C' to the Customs Convention on the Temporary Importation of Professional Equipment, and Annex 'B2' of the Istanbul Convention (covering

professional equipment) specifically exclude 'equipment ... (except in the case of hand-tools) for the exploitation of natural resources...'.

While no change would be foreseen to wording of the Conventions, the proposed change to Regulation 124(c)(i) would provide APPEA with the necessary avenue for temporary importation of goods for use in exploitation.

Consequential changes to the TI provisions

As part of the proposed TRADEX Scheme the following changes are scheduled to be made to the temporary importation provisions:

Section 162 - Regulation 124 (1)

1. include a provision to cover 'incentive groups' as a prescribed class of persons or include the goods themselves in a prescribed class of goods.

2. delete Regulation 124(b)(ii) 'wedding presents'.

3. delete Regulation 124(c)(i) 'assembly or other industrial purposes approved by the Collector'. This provision will be covered in the new TRADEX Scheme legislation.

4. include in prescribed purpose clause of Regulation 124(c), a provision to cover 'specialised equipment or tools for use in exploitation, production, manufacture, repair, modification or maintenance'.

5. qualify wording of Regulation 124 (c)(ii) to specify that testing and evaluation is to be carried out on the goods themselves (as per the original policy intent).

Section 162 - Regulation 124 (3)

- amend wording to specify that rather than be inspected, goods must be available for inspection. This would accord with current risk management policy.

Section 162 - Regulation 124 (4)

- insert a provision to cover the unintentional damage, destruction or loss of goods.

Submission No. 39 – Mayne Logistics E A Rocke (ML)

- ML suggests that the policy criteria used to determine the eligibility for a Tariff Concession Order are extremely interpretative in nature. The particular concern seems to be that the onus is on the importer to provide evidence to Customs in respect of lack of local manufacturer capability to produce substitutable goods. ML believes that it is local manufacturers who should have the responsibility of examining notifications of applications in the Commonwealth of Australia Tariff Concessions Gazette (page 3).

The Tariff Concession System provides for the concessional entry of those goods for which substitutes are not produced in Australia in the ordinary course of business.

It would be inequitable to expect anyone other than the recipient of the concession to bear the cost of obtaining that concession. To ask the local manufacturer to be responsible for preventing a Tariff Concession Order from being granted, shifts the

responsibility to that sector of the economy that the tariff scheme was set up to assist.

- ML suggests that there is a high monetary cost in preparing and administering applications for Tariff Concession Orders (page 3). It also suggests that, based on a 2% saving as a result of a successful application for a Tariff Concession Order, the Customs value of the goods needs to be in excess of $100,000 to warrant the expense of such an application. It is further suggested that the figure is more like $500,000 (transcript, page 136).

These figures suggest that the cost of lodging an application for a Tariff Concession Order exceeds $2,000.

An application can be lodged for a relatively small outlay. An applicant is not required to employ the services of a customs broker or consultant. Nor is an applicant required to demonstrate that there are no local manufacturers of substitutable goods by employing the Industrial Supplies Office.

Submission No. 47 – Pulp & Paper Manufacturers Federation of Australia (PPMFA)

- At the Canberra hearings, the PPMFA stated that item 43 required goods to be despatched in a single shipment and enter Australia through a single port (page 128).

Item 43 basically provides for original components of certain machinery to be entered at the duty rate of the complete machines.

Item 43 does not apply to goods the subject of a single shipment. Nor does it restrict the port at which separately shipped components may enter Australia.

Submission No. 49 – Laminex Industries (LI)

- LI argues that the 'substitutable goods' definition as interpreted by Customs places over-emphasis on the word 'use'. It is argued that it would be more appropriate to base eligibility on a market-competitive test, rather than a 'use' test (page 21).

Following a review by the (then) Department of Industry, Science and Technology and Customs in 1995, the Government made a number of changes to the Tariff Concession System, effective from 15 July 1996. One of those changes was to remove the existing market competitiveness test as it was not meeting the original objectives of the Government.

The issue of reintroducing a market competitiveness test is a policy issue. The Department of Industry, Science and Resources has policy responsibility for the Tariff Concession System.

- LI also argues that the Tariff Concession System should have a 'compete' clause or requirement to preclude manufacturers merely claiming the 'potential' to manufacture (page 21).

The legislation for the Tariff Concession System contains two definitions of goods produced 'in the ordinary course of business': one for made-to-order capital equipment and one for all other goods.

The definition for made-to-order capital equipment requires a producer in Australia to have made goods requiring the same labour skills, technology and design expertise as the substitutable goods in the two years before the application was lodged, and to be prepared to accept an order to supply the substitutable goods. This recognises that, while the local manufacturer might not have actually made the goods, it has the capability to produce the goods. For large, made-to-order goods, which may be produced on an irregular basis, this provision allows local producers to compete for domestic contracts against overseas producers.

The definition for goods, other than made-to-order capital equipment, requires the goods to have been produced in Australia in the two years before the application was lodged, or to have been produced, and to be held in stock, in Australia, or to be produced on an intermittent basis in the five years before the application was lodged.

- LI advocates the amendment of item 43 to 'resolve the "single shipment" issues' as an option for ensuring timber and paper processing equipment enter duty free in accordance with Government policy.

Customs is unaware of any item 43 issues associated with "single shipments". Item 43 covers the importation of original components for complete equipment in multiple shipments.

Customs is not in a position to comment on the Government's policy for the timber and paper processing industries or on an expansion of its current policy for item 43 to enable equipment for those industries to enter duty free.

Submission No. 62 – Digital Audio Technologies Australia (DATA) and Rodda Castle and Co (RCC) (Transcript – Sydney 27/1/00)

- DATA requests that "the Tariff Concession System be amended to permit the entry free of duty of any goods in respect of which local industry does not manufacture an alternative that would be regarded as directly substitutable in either conditions of perfect competition or conditions of imperfect competition (as those concepts are understood by economists)" (page 2).

As stated in relation to submission No. 49, the reintroduction of a market-competitiveness test would require a change in policy. The Department of Industry, Science and Resources has policy responsibility for the Tariff Concession System.

- DATA effectively proposes that item 43 revert to provisions in place when it was first introduced (page 15).

Refer to Customs response to Michael Haywood's submission No. 32.

- RCC (transcript page 247) and DATA (Section 5, Observation 1, pages 16-17) infer that item 43 was introduced in 1988 in the form of a standing by-law only. RCC and DATA further infer that it was not until 1989 that item 43 was expanded to cover components for equipment partially made in Australia, and that this expansion coincided with the Government's decision to reduce duties for complete mining and agricultural equipment.

On its inception in 1988, item 43 was intended to cover goods in addition to those specified in a standing by-law, including components for complete equipment that was partially made in Australia. This pre-dated the 1989 decision on mining and agricultural equipment.

- RCC (transcript page 247) and DATA (Section 5, page 14) infer that when policy items such as item 43 were introduced, the Tariff Concession System included substitutable goods and market tests. RCC and DATA conclude from this that policy items were intended to cover goods for which substitutable goods were produced in Australia and the making of a concession under the Tariff Concession System would have an adverse effect on the market for those goods.

The Tariff Concession System and its substitutable goods and market tests were not introduced until November 1992. As these provisions post-dated the introduction of the policy items in question, the conclusions drawn by RCC and DATA as to the intention of the policy items should be treated with caution. As stated in Customs response to submission No. 32 by Michael Haywood, item 43 was not intended to disadvantage local manufacturers.

- RCC states that no item 43 determinations had been made since November 1994 (transcript page 248).

Item 43 determinations were made on a regular basis after November 1994 until mid-1996, and have been made in exceptional circumstances since.

- RCC (transcript page 248) and DATA (Section 5, Observation 1, page 19) stated that no item 43 determinations had been made for longwall mining equipment since November 1994.

A number of requests for item 43 for longwall mining equipment were refused from 1995 onwards due to applicants failing to provide the information needed to satisfy various policy criteria. This occurred despite repeated requests by Customs for the information.

Some requests for item 43 for longwall mining equipment were considered under item 45.

ATTACHMENT B

INFORMATION AND DATA ON POLICY BY-LAWS

1. *Define the coverage of the Policy By-Law system and the Project By-Law arrangements in terms of the schedule 4 items they cover. (Our current understanding is that the Policy By-Law System covers items 43, 45, 46, 47, 52, 56, 57 and 60, of which items 45, 46 and 56 are considered as the Project By-Law arrangements – is this correct? Also, what is the situation with item 55, which was previously included as a policy by-law?)*

   Up until August 1998, the Policy By-Law System consisted of a number of items in Schedule 4 to the *Customs Tariff Act 1995* (the Tariff), namely items 43, 45, 46, 47, 52, 55, 56, 57 and 60. The policies for these items were aimed at encouraging industry development through reduced import costs where warranted, while also maximising local manufacturing involvement. To achieve this aim, all items permitted by-laws or determinations to be made in response to applications that met certain criteria.

   The Policy By-Law System ceased on 1 August 1998 when the Project By-Law Scheme was introduced for items 45, 46 and 56 of Schedule 4 to the Tariff. From this time, items 43, 47, 52, 55, 57 and 60 of the Policy By-Law System no longer formed part of any specific scheme. Item 55 (which was never used) was repealed in 1999 as part of the Government's decision on the cessation of assistance arrangements for robots and machine tools.

2. *Provide a summary of the policy rationale underlying each by-law item at the time it was instituted. What changes, if any, have been made in this regard since the by-laws were instituted and why? (For example, we understand that changes have been made to item 43 in relation to ports of export, and to the project by-law items in relation to the eligibility threshold. What were the reasons for these and other policy changes?)*

   There are many concessional items in Schedule 4 to the Tariff, some of which are by-law items (that is, items for which access is dependent on the making of one or more by-laws or determinations). There are two main classes of Schedule 4 items, industry policy items and trade and travel facilitation items (the latter often governed by international agreements). Following discussions with Mr Jim Roberts to clarify the scope of this question, summaries of only relevant industry policy items have been prepared and are at Appendix 1. Supporting documents can be made available on request.

   Information on Schedule 4 items for the Textiles, Clothing and Footwear (TCF) Import Credit Scheme, the Passenger Motor Vehicle (PMV) Plan, the Automotive Competitiveness and Investment Scheme, TRADEX, the Project By-Law Scheme or items 57 and 60 has not been provided. It is understood that the Department of Industry, Science and Resources (ISR) will respond to issues raised in relation to these concessions.

3. *What processes, if any, are there for regular review of the policy intent of these by-laws?*

   Customs responsibilities for industry support concessional items, set out in Appendix 1, are limited to legislating the items, administering the entry of goods under the items (including the taking of end-use securities, where applicable) and granting by-laws or determinations for the items. The policy for the items rests with other Government Departments, such as ISR, the Department of Agriculture, Fisheries and Forestry and the Department of Communications, Information Technology and the Arts.

   While Customs may review its administration of the items and refer matters with the potential to impact on policy to the relevant department, it is up to that department to instigate any policy reviews deemed necessary.

4. *Provide a brief overview of the processes involved in the administration of these by-laws. Are the relevant determinations made by the Minister or are they delegated?*

While certain items may require a Minister to form an opinion in relation to certain matters (for example items 56, 57 and 60), the Minister has no power to make by-laws or determinations. This power rests with the Chief Executive (CEO) of Customs under sections 271 and 273 of the *Customs Act 1901*. In practice, where an item requires a by-law or determination to be made, a delegate of CEO would perform this function.

Where, in accordance with Government policy, the making of by-laws or determinations is not dependent upon the lodgment of an application, a delegate usually makes one or more 'standing by-laws'. These by-laws describe the classes or kinds of goods to which the Government intended to extend concessional treatment and are rarely amended or replaced, except for technical reasons, such as re-enactment of the Tariff. Examples of this type of concession are items 22, 29, 36, 38, 39A, 43, 47, 52 and 66.

Where, in accordance with Government policy, an application must be lodged before a by-law or determination can be made, a delegate usually grants a determination for particular goods specified in the application. The decision to grant such a determination is governed by the legislation, relevant criteria for the granting of concessions for the item and other relevant factors. Examples of this type of concession are items 45, 46, 56, 57 and 60, which are no longer administered by Customs. Arrangements have been made for officers within ISR to make determinations for these items.

To gain access to the duty rate applicable to a concessional item, an importer simply quotes on an Entry for Home Consumption the relevant treatment code for the item and, if required, the relevant by-law or determination number. For certain items, additional information may also be required (eg items 22, 47 and 65) and/or securities lodged (eg items 22, 29, 36, 38, 39A, 39B and 39C).

If an importer is unsure of eligibility for a concessional item, Customs can provide guidance through the normal Tariff Advice procedures. Guidelines on the operation of certain concessions are also provided through Australian Customs Notices. Customs audits the use of all concessional items through normal compliance procedures.

Specific administrative arrangements for each item are included in Appendix 1.

5. *Outline the role of ISONET and the ISOs in the process.*

The only item in Appendix 1 for which the ISONET has a defined role is item 22. Current guidelines for this item allow importers to use ISONET letters of advice to support claims that no substitutable goods are, or are capable of being, produced in Australia in the ordinary course of business, which is a legal requirement of the item. Customs is examining an alternative method for administering this requirement to make the item more transparent. It will be consulting further with ISONET, industry associations and ISR on the issue.

6. *Provide data about duty foregone in relation to item 60 for the period 1995-96 to 1998-99 (along the lines of data shown in the Australian Customs Service Quarterly Statistical Bulletin, Data to June Quarter 1999, p. 56).*

It is understood that ISR will respond to this request.

7. *Provide workload data for each by-law item for the period 1995-96 to 1998-99 and for 1999-00 to date (along the lines of data shown in the Australian Customs Service Quarterly Statistical Bulletin, Data to June Quarter 1999, p. 56). Also provide data about the number of appeals, if any.*

It is understood that ISR will provide the data required for items 45, 46, 56, 57 and 60.

Workload and appeal figures for industry support items that were dependent on applications during the period in question and that are still administered by Customs are at Appendix 2.

Decisions on whether to make by-laws or determinations for the items set out in Appendix 2 cannot be reviewed by the Administrative Appeals Tribunal. Requests for review of those decisions must be made to the Federal Court under the *Administrative Decisions (Judicial Review) Act 1977*. Only two such reviews were on hand during the relevant period. Both related to decisions not to make item 43 determinations under policy provisions in force prior to 15 July 1996.

8. *What are the costs to the ACS and to AusIndustry of administration of the policy and project by-laws? (Include relevant salaries, administrative expenses and overheads)*

It is understood that ISR will provide costing information on items 45, 46, 56, 57 and 60.

The cost to Customs of administering industry policy items in 1999 is estimated to have been $438,000.

The estimate includes a one-off cost of around $98,000 to finalise a number of Project By-Law matters. When the administration of Project By-Laws was transferred from Customs to ISR, it was agreed that Customs would finalise any legal matter that was outstanding at the time of the transfer.

The estimate excludes the costs associated with providing advice on eligibility for concessions through Tariff Advice procedures, conducting audits or administering securities. As these are general functions of Customs, the cost of administering these functions specifically in relation to industry policy items can not easily be ascertained.

9. *What are the costs of administration of other concessional arrangements, including Manufacture in Bond, TEXCO, and duty drawback. (The Commission has already been supplied with cost information about the Tariff Concession Scheme.)*

Customs is unable to quantify the cost to administer these concessional arrangements.

APPENDIX 1

POLICY SUMMARY

ITEM 13 (Duty Free)

Terms of the Item

Goods, as prescribed by by-law, that are for use in connection with an Australian Industry Involvement program approved by the Commonwealth, as follows:

(a) raw materials or components that are to be used as inputs in the production or manufacture of further goods that will ultimately become the property of the Commonwealth of Australia;

(b) raw materials or components that are to be used as inputs in the production or manufacture of further goods that will ultimately be exported under a formal Defence Offset Program; or

(c) tools and specialised test equipment for the support of Defence material or for use under a formal Offset Program and which will eventually become the property of the Commonwealth of Australia.

Policy

This concession was first introduced in 1983 as item 49 of the 1982 Tariff. It became item 13 in subsequent Tariff Acts. It was aimed at simplifying the duty-free entry of Commonwealth goods to be used in an Australian Industry Participation program.

The Government decided that, from October 1990, a charge equivalent to customs duty would apply to imports by the Commonwealth. This decision was aimed at ensuring the Commonwealth and private companies were treated equally, and at putting Australian firms on a more equal footing when competing for contracts. It was decided, however, to continue the duty-free entry of certain goods required for Australian Industry Involvement programs under existing (but not future) Department of Defence contracts.

The Department of Industry, Science and Resources (ISR) has policy responsibility for the item.

Administration

Item 13 is currently administered through several standing by-laws, each representing a specific Department of Defence contract signed prior to October 1990. To use any of the by-laws, an importer needs to furnish a certificate from an authorised officer of the Department of Defence that the goods will be used in connection with a specific Department of Defence contact. Customs maintains contact with the Department of Defence on the progress of contracts, and revokes by-laws when advised that all eligible goods have been imported. There are no guidelines on the operation of this item.

ITEM 22 (Duty Free)

Terms of the Item

Goods, as prescribed by by-law, as follows:

(a) that are for use in connection with the exploration for petroleum or natural gas; or

(b) that are for use in connection with the development of petroleum or natural gas wells to the stage where a well-head assembly is attached, other than goods for, or for use in connection with, controlling, treating, conveying, or storing petroleum or natural gas after leaving the well-head assembly,

other than goods in respect of which substitutable goods are produced in Australia or are capable of being produced in Australia by any person in the ordinary course of business.

Policy

In 1964, a duty free by-law for petroleum exploration was introduced under the then Consolidated By-Law System. Its objective was to overcome the long and expensive delays associated with gaining by-laws for capital equipment for oil exploration (which, at the time, required British Board of Trade approval), yet maintain the local manufacturing criteria of the Consolidated By-Law System.

Over the years, the concession has been implemented through: item 19 (initially dutiable at 7.5% but reducing to free) and item 41 (duty free) of the early Tariff Acts; items 41, 52 and 57 (duty free) of the 1982 Tariff Act; and item 22 (duty free) of the 1987 and 1995 Tariff Acts.

Over time, the concession was expanded to include certain goods for oil well development and for natural gas exploration and development. The local manufacturing criteria also changed to reflect that of the prevailing general tariff concession system.

Concessions for this industry were discussed by the House of Representatives Standing Committee on Industry, Science and Technology in its March 1998 report titled 'A sea of indifference. Australian industry participation in the North West Shelf project'. The Government responded to that report in December 1999. No change to the policy for the concessions was recommended or made.

Today, item 22 assists the petroleum industry by reducing the costs of certain goods imported for use directly in connection with the exploration for, and discovery of, oil and gas deposits and the pre-production development of wells on those sites provided that substitutable goods are not produced in Australia.

ISR has policy responsibility for this item.

Administration

Item 22 is administered through a single standing by-law. Guidelines on its operation were published in Australian Customs Notice (ACN) No. 97/06. Under the guidelines, importers have a number of ways of demonstrating that substitutable goods are not manufactured in Australia.

The administration (but not the policy) of item 22 is currently under review.

ITEM 29 (Duty Free)

Terms of the Item

Goods, for use as prototypes, as prescribed by by-law.

Policy

With the introduction of the Commercial Tariff Concession System in July 1983, the Government decided that end-use by-laws (such as the item 19 by-law for prototypes) would terminate in July 1985, unless other arrangements were made.

The Commercial Tariff Concession System was replaced by the Tariff Concession System in November 1992.

As the ongoing need for a by-law covering prototypes was seen as important for industry development and technology transfer reasons, item 58 was created in 1985. The concession became item 29 of the 1987 and 1995 Tariff Acts. There has been no review of the policy for the concession.

ISR has policy responsibility for the item.

Administration

The concession is administered through a single standing by-law. There are no guidelines on the operation of the item, and there has been minimal usage of the item.

ITEM 30 (Duty Free)

Terms of the Item

Robots, as defined by by-law, and parts and accessories suitable for use solely or principally with such robots

Policy

This concession was first introduced in 1986 as item 63 of the 1982 Tariff Act. It became item 30 of the 1987 Tariff Act. It was aimed at simplifying the duty-free entry of robots which could be entered under a number of tariff classifications, only some of which were readily identifiable as applying to robots.

The definition of robot was amended in 1999 to align with international standards.

ISR has policy responsibility for the item.

Administration

The concession is administered through a single standing by-law. There are no guidelines on the operation of the item.

ITEM 31 (Duty Free)

Terms of the Item

Aircraft parts, materials and test equipment for use in the manufacture, repair or maintenance of aircraft, other than:

(a) textiles and goods made from textiles;

(b) goods for use in the servicing of aircraft.

Policy

With the introduction of the Commercial Tariff Concession System in July 1983, the Government decided that end-use by-laws (such as those item 19 by-laws covering a range of goods for use in aviation) would terminate in July 1985, unless other arrangements were made.

In June 1985, the Government announced the continuation of end-use by-laws for the aviation industry through new item 60 of the 1982 Tariff (dutiable at 2%), pending consideration of a reference to the Industries Assistance Commission (IAC).

Item 60 became item 31 of the 1987 Tariff. Item 31 was initially dutiable at 2% but later became duty free. The end-use by-laws continued until October 1991 when the Government decided to remove the by-law requirement and the past emphasis on local manufacture considerations. The objectives of this change were to broaden the concession, lower the cost of inputs, reduce the administrative complexity and develop and maintain the international competitiveness of Australia's aerospace manufacturing and aviation industries.

In March 1995, the Government announced a further change to item 31, restricting its coverage by excluding textiles and goods made of textiles. The change was designed to remove the competitive advantage previously accorded imported textiles over locally sourced textiles and to encourage the use of Australian raw textile materials.

ISR has policy responsibility for the item.

Administration

The item does not require a by-law. Brief guidelines on the operation of item 31 were published in ACN No. 91/165.

ITEM 36 (Duty Free)

Terms of the Item

Goods, as prescribed by by-law, classified under a heading or sub-heading of Schedule 3 specified in the Table below:

2835.23.00	*2905.17.00*	*3702.32.00*
2836.20.00	*2905.19.10*	*3702.39.00*
2903.41.00	*2905.29.90*	*3702.44.00*
2903.42.00	*2912.60.00*	*3702.91.00*
2903.43.00	*2915.70.00*	*3702.92.00*
2903.44.00	*2915.90.00*	*3702.93.00*
2903.45.00	*3503.00.10*	*3702.94.00*
2903.49.10	*3701.30.00*	*3702.95.00*
2905.12.00	*3701.91.00*	*3814.00.00*
2905.14.00	*3701.99.00*	*3823.70.00*
2905.16.00		

Policy

With the introduction of the Commercial Tariff Concession System in July 1983, the Government decided that end-use by-laws (such as the item 19 by-laws that covered a range of chemical products) would terminate in July 1985, unless other arrangements were made.

In June 1985, the Government announced the continuation of certain end-use chemical by-laws through new item 62 of the 1982 Tariff (dutiable at 2%), pending consideration of a reference to the IAC.

Item 62 was to become item 37 of the 1987 Tariff (dutiable at 2%). This did not occur as, following the Government's decision on the IAC report on chemicals and plastics, the chemical by-laws of item 62 were transferred to new items 36A, 36B and 36C (dutiable at 2%). Each new item had a sunset clause coinciding with the date that the tariff rates for the goods reached their recommended minimum level. This decision was aimed at encouraging growth in the chemical and plastic products industry. Items 36A, 36B and 36C were later reduced to free.

In September 1991, the Government decided to maintain the last remaining chemical by-laws (made under item 36B) beyond their intended expiry in December 1991,

pending a scheduled review of the industry by the Industry Commission. That review has not occurred.

Since September 1991, requests for new chemical concessions have been dealt with under item 57 which covers a range of inputs to manufacture, including chemicals.

Item 36B became item 36 of the 1995 Tariff Act.

ISR has policy responsibility for the item.

Administration

The concession is administered through a number of standing by-laws, some of which are based on local manufacturing capabilities in the 1970s. Some by-laws have not been used for over two years. There are no guidelines on the operation of the item.

ITEM 38 (Duty Free)

Terms of the Item

Goods classified under 3907.60.00, 3907.9, or 3908 of Schedule 3, as prescribed by by-law.

Policy

With the introduction of the Commercial Tariff Concession System in July 1983, the Government decided that end-use by-laws (such as the item 19 by-laws that covered a range of plastics) would automatically terminate in July 1985, unless other arrangements were made.

In June 1985, the Government announced the continuation of certain end-use plastics by-laws through new item 62 of the 1982 Tariff (dutiable at 2%), pending consideration of a reference to the IAC.

Item 62 was to become item 37 of the 1987 Tariff (dutiable at 2%). This did not occur as, following the Government's decision on the IAC report on chemicals and plastics, one of the plastics by-laws of item 62 was transferred to new item 38A (dutiable at 2%). This decision was aimed at encouraging growth in the chemical and plastic products industry. The duty rate of item 38A was later reduced to free. Item 38A became item 38 of the 1995 Tariff Act.

Since 1991, requests for new concessions for plastics have been dealt with under item 57 which covers a range of inputs to manufacture, including plastics.

ISR has policy responsibility for the item.

Administration

The concession is administered through a single standing by-law for polyamides and polyesters, uncompounded, for use in the manufacture of fibres and yarns. There are no guidelines on the operation of the item.

ITEM 39A (Duty Free)

Terms of the Item

Printing paper for use in the production of magazines, newspapers, periodicals, posters and other printed matter of a kind that, if imported, would be classified within Chapter 49, as prescribed by by-law.

Policy

End-use by-laws written to special duty free Schedule 3 items for paper were in place from at least 1982 until 1988, and may have originated as item 19 by-laws prior to that time.

In 1987, the Government decided to continue duty-free entry of coated paper used in high quality magazines and on some other types of printing paper not produced locally. This was part of its strategy to make Australia's pulp, paper, paper products and printing industries more efficient and internationally competitive by encouraging the printing of high quality magazines in Australia rather than overseas.

Since 1991, requests for new concessions for printing paper have been dealt with under item 57 which covers a range of inputs to manufacture, including paper.

ISR has policy responsibility for the item.

Administration

The concession is administered through a number of by-laws. The by-laws were reviewed in 1994 by Customs, the then Department of Industry, Science and Technology, and industry.

ITEM 39B (Duty Free)

Terms of the Item

Clay coated paperboard classified under heading 4810 for use in the manufacture of aseptic liquid packaging, under security.

Policy

In 1987, the Government decided to introduce duty free item 39B from January 1988 as part of its strategy to make Australia's pulp, paper, paper products and printing industries more efficient and internationally competitive.

Since 1991, requests for new concessions for paperboard have been dealt with under item 57 which covers a range of inputs to manufacture, including paperboard.

ISR has policy responsibility for the item.

Administration

The item does not require a by-law, and there are no guidelines on the operation of the item.

ITEM 39C (Duty Free)

Terms of the Item

Paper and paperboard classified under heading 4810 or 4811 for use in the manufacture of flip-top cigarette packaging, under security.

Policy

In 1987, the Government decided to introduce duty free item 39C from January 1988 as part of its strategy to make Australia's pulp, paper, paper products and printing industries more efficient and internationally competitive.

Since 1991, requests for new concessions for paper and paperboard have been dealt with under item 57 which covers a range of inputs to manufacture, including paper and paperboard.

ISR has policy responsibility for the item.

Administration

The item does not require a by-law, and there are no guidelines on the operation of the item.

ITEM 40A (Duty Free)

Terms of the Item

Textiles, clothing and footwear, as prescribed by by-law.

Policy

Item 43 (duty free) and item 44 (dutiable at 2%) of the 1966 Tariff were introduced on 1 January 1982 as a result of the Government's decision on the IAC's recommendations covering policy by-laws that had previously been included in the then Schedule 1 of the Tariff.

The purpose of these concessions was to encourage the development of a more internationally competitive TCF sector that would be viable with lower levels of community support, by reducing industry input costs to the clothing industry while maintaining a market for Australian-made equivalents.

These items became items 40A and 40B of the 1987 Tariff Act.

On 1 July 1988, as part of the policy initiatives and rationalisation plan for existing fabric by-laws announced in the Government's 1986 TCF plan, the 2% duty rate that applied to item 40A by-laws was abolished. Subsequently item 40A and 40B by-laws were amalgamated under item 40A.

In 1992, the Textiles, Clothing and Footwear Development Authority conducted a review of the TCF policy items. As a result of that review, the Government decided to continue concessions under a new (the now current) expanded item 40A.

ISR has policy responsibility for the item.

Administration

Item 40A is currently administered through a number of by-laws. The four-for-one linings by-law also requires determinations to be made by Customs. The guidelines for the administration of the four-for-one linings by-law are contained in ACN No. 95/73. Guidelines for the administration of the remainder of the item 40A by-laws are contained in ACN No. 93/28.

ITEM 42 (Duty Free)

Terms of the Item

Parts of vessels, and materials, for use in the construction, modification and repair of vessels exceeding 150 gross construction tons as defined in the Bounty (Ships) Act 1989.

Policy

With the introduction of the Commercial Tariff Concession System in July 1983, the Government decided that end-use by-laws (such as the item 19 by-laws that covered a range of ships' parts) would terminate in July 1985, unless other arrangements were made.

In 1984, the Government decided to introduce item 56 to reduce to free the duty rate for those goods that were dutiable at 2% and that were for use in the construction

and modification of ships, such as those covered by the item 19 by-laws. This was part of a package aimed at assisting the Australian shipbuilding industry.

As no other arrangements were made for the end-use by-laws of item 19 by July 1985, the by-laws were terminated.

In 1986, the Government introduced item 25 (dutiable at 2%) to re-establish the by-laws (retrospective to July 1985) and to restore the integrity of the shipbuilding assistance package.

Later in 1986, the Government extended the shipbuilding assistance package to goods for use in the repair of ships through an amendment to item 56, the introduction of item 64 (dutiable at 2%) and other measures. Items 25, 56 and 64 became item 42A of the 1987 Tariff Act.

With the announcement in 1991 of the phasing out of the shipbuilding bounty by July 1995, the Government decided to remove, from item 42A, the need for a by-law and the emphasis placed on local manufacturing capability. The purpose of these changes was to make Australian shipbuilders internationally competitive by reducing input costs on all components imported for construction, modification or repair.

Item 42A became item 42 of the 1995 Tariff Act.

ISR has policy responsibility for the item.

Administration

The item does not require a by-law. Guidelines on the operation of the item are contained in ACN No. 98/71.

ITEM 43 (Duty rate for the complete machinery of which the goods are a part)

Terms of the Item

Goods, as prescribed by by-law, being original components of machinery classified under a heading or subheading in Chapter 84, 85 or 90 of Schedule 3.

Policy

Item 43 was introduced in 1988 to allow original components of capital equipment classified within Chapters 84, 85 or 90 of the Tariff to enter at the duty rate applicable to such equipment regardless of whether the components were sourced from different suppliers and/or shipped separately.

Item 43 was originally backdated to give effect to the Government's previously announced policy on papermaking machinery.

The item was not to extend to complete civil engineering projects involving a wide range of separate functional units, pipeworks, kit buildings and the like.

Applications were to be examined on a case-by-case basis to ensure local component manufacturers were not adversely affected.

In 1994, the Government decided that retrospective requests for item 43 concessions would be considered only in exceptional circumstances.

In 1996, the Government decided that item 43 would be restricted to original components of complete machines that were available at the same time and place, where the complete machine was unable to be transported on a single vessel for certain reasons. Notional entities such as complete plant and imports of goods from multiple sources/locations were no longer permitted. All past concessions were

revoked and all subsequent decisions were to be made in accordance with the new policy.

These changes were made for budgetary reasons and to streamline the policy by-law system so that all concessions for projects would be dealt with under item 45, 46 or 56.

ISR has policy responsibility for the item.

Administration

The concession is administered through a single by-law. The guidelines for the operation of the item were last published in ACN No. 98/27.

ITEM 47 (Duty rate 3%)

Terms of the Item

Goods, as prescribed by by-law, being machinery that incorporates, or is imported with, other goods which render the machinery ineligible for a current Tariff Concession Order made under Part XVA of the Customs Act 1901.

Policy

Under the former Commercial Tariff Concession System, Australian manufacturers could prevent concessions being granted for complete equipment if they produced a major component that could be incorporated into that complete equipment. Where a major component was manufactured locally, importers were forced to remove and ship separately the major component or to obtain that major component locally in order to access a Commercial Tariff Concession Order.

Item 47 was introduced in 1989 as part of the Government's decision on assistance for the mining, construction and agricultural equipment industries, and overcomes the situation outlined above.

ISR has policy responsibility for the item.

Administration

The concession is administered through a number of by-laws that relate to Commercial Tariff Concession Orders for certain items of capital equipment. New by-laws for item 47 are unlikely to be made given that the Tariff Concession System does not have the same shortcomings as its predecessor, the Commercial Tariff Concession System. Guidelines for the item were last published in ACN No. 98/27.

ITEM 51 (Duty Free)

Terms of the Item

Aluminised steel classified under 7210.61.00, 7210.69.00 or 7212.50.00 in Schedule 3 for use in the manufacture of automotive muffler exhaust systems and components.

Policy

With the introduction of the Commercial Tariff Concession System in July 1983, the Government decided that end-use by-laws (such as the item 19 by-law for aluminised steel for use in the manufacture of automotive mufflers and exhaust components) would terminate in July 1985, unless other arrangements were made.

In June 1985, the Government announced the continuation of the end-use by-law for aluminised steel through new by-law item 62 (dutiable at 2%), pending consideration of a reference to the IAC.

Following consideration of the relevant IAC report, the Government allowed the relevant by-law to lapse in September 1987 due to the use of locally made zincalume in the manufacture of automotive components.

In August 1990, the Government decided to reintroduce the concession for aluminised steel for use in the manufacture of automotive mufflers and exhaust components under duty-free item 51. The change was designed to reduce costs for Australia's automotive industry and to increase the industry's international competitiveness. The use of zincalume in the manufacture of these components had proved to be unsuccessful.

ISR has policy responsibility for the item.

Administration

The item does not require a by-law, and there are no guidelines on the operation of the item.

ITEM 52 (Duty rate for the complete machinery of which the goods are a part)

Terms of the Item

Original components of complete equipment classified under a heading or subheading in Chapter 86, 87 or 89 in Schedule 3, as prescribed by by-law.

Policy

Item 52 was introduced in 1991 as an extension of the split consignment provision covered by item 43. Item 52 was designed to allow original components of capital equipment classified within Chapters 86, 87 or 89 of the Tariff to enter at the duty rate applicable to such equipment even if imported in separate shipments from separate sources for which much higher duty rates might apply. Applications were to be examined on a case-by-case basis to ensure local component manufacturers were not adversely affected.

In 1994, the Government decided that retrospective requests for item 52 concessions would be considered only in exceptional circumstances.

In 1996, the Government decided that item 52 would be restricted to original components of complete equipment available at the same time and place, where the equipment was unable to be transported on a single vessel for certain reasons. Imports of goods from multiple sources/locations were no longer permitted. All past concessions were revoked and all subsequent decisions were to be made in accordance with the new policy.

These changes were made for budgetary reasons and to streamline the policy by-law system so that all concessions for projects would be dealt with under items 45, 46 and 56.

ISR has policy responsibility for the item.

Administration

The concession is administered through a single by-law. The guidelines for the operation of the item were last published in ACN No. 98/27.

ITEM 62 (Duty Rate $0.096/kg)

Terms of Item

Cheese and curd, classified under 0406.10.00, 0406.20.00, 0406.30.00, 0406.40.90 or 0406.90.90, as prescribed by by-law.

Policy

In 1987, item 301 was introduced to give effect to the Cheese and Curd Quota Scheme. The purpose of the Scheme was to assist the Australian dairy industry. Under the Scheme, 11,500 tonnes of cheese and curd could be entered at a duty rate of $96/tonne each year. Imports above this amount attracted a duty rate of $2,100/tonne.

The Cheese and Curd Quota Scheme was continued beyond its initial expiration date of June 1992 and, in 1993, item 301 became item 62. In 1994, the out of quota duty rates commenced phasing, from the $2,100/tonne to the current $1,220/tonne, as part of a World Trade Organization Agreement.

The Scheme was due for review last year.

The Department of Agriculture, Fisheries and Forestry has policy responsibility for the item.

Administration

The 11,500 tonne of cheese and curd quota available for allocation each year is allocated to importers based on their clearances under quota within a particular period. The quota allocated can be used to secure the lower duty rate for cheese and curd imports or may be transferred to another importer on application to Customs.

ITEM 65 (Duty Free)

Terms of Item

Goods the subject of a Commercial Tariff Concession Order or a Tariff Concession Order, the number of which is prescribed by by-law, that are inputs to the manufacture of information industries equipment, as prescribed by by-law.

Policy

Item 65 was introduced in 1998 to implement the Government's 1997 decision to remove tariffs on inputs to the manufacture of information industries equipment provided that those inputs were covered by a Commercial Tariff Concession Order or a Tariff Concession Order.

The purpose of the item is to reduce costs to information industries, to strengthen the competitive position of the information industries and to lower prices to consumers, while ensuring that inputs manufactured in Australia are still afforded tariff assistance.

The Department of Communications, Information Technology and the Arts (CITA) has policy responsibility for the item.

Administration

The concession is administered jointly by the CITA and Customs through several by-laws. Guidelines for the administration of the item are contained in ACN No.s 98/38 and 99/22.

ITEM 66 (Duty Free)

Terms of Item

Aluminium sheet classified in subheadings 7606.12.00 or 7606.92.00 used in the manufacture of aluminium cans, as prescribed by by-law.

Policy

In 1999, the Government decided to introduce item 66 as part of its decision to remove tariffs on aluminium cansheet and steel tinplate. The purpose of this concession is to reduce costs to the food and beverage canning industry, improve the competitiveness of the industry and increase exports.

ISR has policy responsibility for the item.

Administration

The concession is administered through a single by-law. There are no guidelines for the operation of the item.

APPENDIX 2

APPLICATIONS FOR POLICY BY-LAWS
(ITEMS 43, 47, 52 AND 55)

1995-96

Item	On Hand	Lodged	Approved	Not Approved*	On Hand
43	162	112	86	142	46
47	3	0	0	3	0
52	4	2	3	3	0
55	0	0	0	0	0
Total	169	114	89	148	46

1996-97

Item	On Hand	Lodged	Approved	Not Approved*	On Hand
43	46	2	6	39	3
47	0	0	0	0	0
52	0	0	0	0	0
55	0	0	0	0	0
Total	46	2	6	39	3

1997-98

Item	On Hand	Lodged	Approved	Not Approved*	On Hand
43	3	3	2	4	0
47	0	0	0	0	0
52	0	0	0	0	0
55	0	0	0	0	0
Total	3	3	2	4	0

1998-99

Item	On Hand	Lodged	Approved	Not Approved*	On Hand
43	0	3	0	2	1
47	0	0	0	0	0
52	0	0	0	0	0
55	0	0	0	0	0
Total	0	3	0	2	1

1999-00

Item	On Hand	Lodged	Approved	Not Approved*	On Hand
43	1	5	4	2	0
47	0	0	0	0	0
52	0	0	0	0	0
55	0	0	0	0	0
Total	1	5	4	2	0

* Includes applications withdrawn/lapsed.

REQUESTS FOR REVIEW UNDER ADJR ACT 1977
(ITEM 43*)

Year	On Hand	Lodged	Customs Decision Upheld	Customs Decision Not Upheld	On Hand
95-96	0	0	0	0	0
96-97	0	2#	0	1	1
97-98	1	0	1	0	0
98-99	0	0	0	0	0
99-00	0	0	0	0	0
Total		2	1	1	

* No requests for review have been lodged for other Customs policy items.

Requests for review on decisions made under pre-15 July 1996 policy.

Appendix2.xls