

Review of Australia's General Tariff Arrangements



SUBMISSION NO: D162

SUPPLEMENTARY TO: 39/85

SUBMISSION BY :

MAYNE LOGISTICS E A ROCKE

Date of Submission: 12 July 2000

Distribution:

Expo Document Copy Centre

Public Exhibits

Canberra Library

Melbourne Library

gtr@pc.gov.au

Attention: **Mr. John Cosgrove / Mr. Mike Woods**

John / Mike,

You will no doubt recall at the recent Productivity Commission Hearing conducted in Melbourne into the review of Australia's general tariff arrangements that during the presentation of the Volvo submission, the question arose as to the effect that the removal of the 3% duty impost on business inputs may have in relation to the current policy by-law scheme.

At the time, you requested that I provide you with some comments on the effect of such a decision. I apologise for taking so long to reply, however, the following information may be of assistance.

As you are well aware, the project by-law scheme introduced on the 25th June, 1998 and enumerated in Australian Customs Notice 98/22, covers three specific Schedule 4 Items viz. 45, 46 and 56. It replaced and modified portions of the Policy By-law Scheme which had previously operated for many years.

The object of both schemes had been to produce a mechanism which allowed for the elimination of the 3% duty which remained on those major project items of capital equipment after an item 50 tariff concession had been approved.

As such, if the 3% import duty was removed and all Item 50 applications reverted to duty free, then it would seem that the granting of an Item 50 application would achieve the same result as that currently afforded under Items 45 and 46.

However, it must be remembered that the current Item 45 / 46 Policy contains an "equivalent goods" criteria which is a more designed specific criterion than the "substitutable goods" criterion which applies to Item 50. As well the current policy by-law criterion differentiates between normal importations and importations of capital equipment for use in major projects with a capital equipment value in excess of \$10 million with Items 45 and 46 only applying to the latter.

Although any decision to reduce the duty to free in respect of these business imports would certainly eliminate the need in many instances for additional action to be taken beyond Item 50 approval to achieve duty free status, I believe that the most appropriate course of action would be to retain the Item 45/46 policy in some form to allow that additional avenue in respect of equivalent goods to be addressed by project proponents.

With regard to the actual administration and interpretation of some of the Policy wordings of this scheme, there are a number of issues which I believe still need to be addressed. However, this is obviously already recognised as I have been invited to attend a "Roundtable Discussion" on possible reforms to the Project Policy By-laws being held by the Department of Industry, Science, Resources in Sydney this Friday. At that meeting, I will take the opportunity to detail areas of the Policy By-law Scheme which I believe need to be reviewed with a view to making them more aligned to current commercial practices.

In relation to the Item 56 Policy By-law, the removal of the 3% duty impost would have little or no bearing on this particular item as it is a requirement of Item 56 that there is a local manufacturer of substitutable goods to those being considered under the submission and accordingly, in many such instances, the Item 50 would be expected to be refused with Item 56 allowing the opportunity to prove that the goods being imported were "State of the Art" equipment which is not available from local manufacturers.

Accordingly, Item 56 would need to be retained totally in its present form.

I hope the above information proves to be of assistance and appreciate the opportunity given to me by the Commission to comment on these issues.

Regards,

Col Davey