

Chapter 1

Introduction

Background

1.1 On 14 September 2006, the Senate referred the provisions of the Customs Amendment (2007 Harmonized System Changes) Bill 2006 and the Customs Tariff Amendment (2007 Harmonized System Changes) Bill 2006 to the Senate Standing Committee on Foreign Affairs, Defence and Trade for inquiry and report by 9 October 2006.

1.2 The Customs Amendment (2007 Harmonized System Changes) Bill 2006 seeks to amend the *Customs Act 1901* to enable the Chief Executive Officer of the Australian Customs Service to revoke approximately 700 Tariff Concession Orders (TCOs) and replace them with approximately 1200 new TCOs. A TCO may be issued on imported goods where equivalent substitutable goods are not produced in Australia. A TCO may also be granted to allow the duty-free entry of goods into Australia. These changes are complementary to the amendments contained in the Customs Tariff Amendment (2007 Harmonized System Changes) Bill 2006, and will ensure the seamless application of TCOs to goods imported before and after 1 January 2007.

1.3 The Customs Tariff Amendment (2007 Harmonized System Changes) Bill 2006 seeks to amend various classifications of goods contained in schedules to the *Customs Tariff Act 1995*. The bill is designed to implement revised Australian customs tariff classifications resulting from agreed changes to the international Harmonized Commodity Description and Coding System.

Conduct of the inquiry

1.4 The committee advertised the inquiry in the Australian newspaper on 16, 19 and 27 September 2006, and invited written submissions by 25 September. Details of the inquiry, the bills and associated documents were placed on the committee's website. The committee also wrote to a number of organisations and stakeholder groups. In examining the bills, the committee was particularly interested in examining any unintended consequences of the proposed changes.

1.5 The committee received two submissions, from the Australian Law Council and from the Australian Customs Service. Given the small number of submissions received for this inquiry, the committee resolved not to hold a public hearing. Instead, it placed seven questions on notice to Customs, some of which are based on issues raised in the Law Council submission. Due to the short timeframe between the provision of answers and the reporting date, the committee agreed to extend the reporting date to 11 October.

1.6 Some of the answers provided by Customs are considered by the committee in Chapter 2, especially those which respond to concerns raised by the Law Council. To

assist the Senate in its consideration of the bills, Appendix 2 of the report presents the questions on notice asked by the committee and the corresponding answers provided by Customs.