

Bills Digest
No. 100 2000-01

Customs Depot Licensing Charges Amendment
Bill 2000

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INFORMATION AND RESEARCH SERVICES

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No. 100 2000-01

Customs Depot Licensing Charges Amendment Bill 2000

Ian Ireland
Law and Bills Digest Group
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Customs Depot Licensing Charges Amendment Bill 2000

Date Introduced: 6 December 2000

House: House of Representatives

Portfolio: Justice and Customs

Commencement: The amendments outlined in this Digest commence on the same day as item 146 of the Customs Legislation Amendment and Repeal (International Trade Modernisation) Bill 2000. Item 146 of that Bill commences on a day to be fixed by Proclamation. However, if that item does not commence within a period of 2 years from the day on which the Bill receives Royal Assent it will be taken to have commenced on the day after the end of that period.

Purpose

The major amendments:

- set the amount of the proposed depot licence variation charge, and
- increase the number of transactions that are required before a higher rate of depot licensing charge is payable.

Background

This Bill forms part of a package of three Bills which includes the Customs Legislation Amendment and Repeal (International Trade Modernisation) Bill 2000 and the Import Processing Charges Bill 2000. The stated objective of this package is the modernisation of the way in which the Australian Customs Service manages the movement of cargo into and out of Australia.¹

The *Customs Depot Licensing Charges Act 1997* formed part of a package of three Acts which came into effect in 1997. These Acts gave effect to a Government announcement in the 1996-97 Budget that it would legislate for the cost recovery of elements of the Australian Customs Service commercial activities directly or indirectly required to process import transactions. The Government gave an undertaking that the costs to be recovered

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would not include export transaction costs, investigation costs or the costs of public benefit functions.

In a Press Release of 20 August 1996, the then Minister for Small Business and Consumer Affairs provided a rationale for the proposed cost recovery measures, namely, 'These cost recovery measures are a necessary part of a Government - wide push to reduce the Budget deficit created by Labor.'

Media reporting of industry reaction for the proposed cost recovery measures was limited and largely restricted to the pre-budget period. For example, Air express companies were reported in *The Canberra Times* of 13 August 1996 to have sought to head off a Budget move to have the industry collect a \$10 tax on all import and export transactions on behalf of the Australian Customs Service by foreshadowing a constitutional challenge to such arrangements.

The Council of Asia Pacific Express Couriers is reported in *The Australian Financial Review* of 14 August 1996 as saying:

Customs had proposed the new charge for inclusion in the federal Budget on the basis of user-pays for customs import and export entry transactions. ... The proposed \$10 charge would increase the cost of both importing goods into Australia and exporting goods from Australia. It would have a greater impact on low-value items such as books and compact discs.

The *Customs Depot Licensing Charges Act 1997* imposed formally charges relating to the customs depot licensing regime. Section 5 of the Act sets the rate of depot licence application charge. The rate of charge is \$1,000 for a person or partnership occupying and managing an appointed place who applies for a licence before 1 April 1997. The rate of charge for all other applicants is \$3,000 or a prescribed amount not exceeding \$4,500.

Section 6 of the Act sets the rate of depot licence charge. The rate payable for the grant or renewal of a licence under section 77U of the *Customs Act 1901* is \$4,000 or a prescribed amount not exceeding \$6,000. Where the depot handled more than 100 transactions during the whole of the reference year (ending on 31 March), the rate payable is \$4,000 or a prescribed amount not exceeding \$6,000. Where the depot handled less than 100 transactions during the whole of the reference year, the rate payable is \$1,500 or a prescribed amount not exceeding \$2,500.

Proposed section 77L of the *Customs Act 1900*, as amended by the proposed *Customs Legislation Amendment and Repeal (International Trade Modernisation) Act 2000*, provides the Chief Executive Officer of the Australian Customs Service with power to vary a depot licence. The amendment proposed by **item 4** of **Schedule 1** of the Bill sets the level of charge for the proposed variation of a depot licence.

The Government's Explanatory Memorandum to the Bill contains a financial impact statement which submits that this Bill, in combination with the other two Bills in the package, will result in a decrease in costs for the Australian Customs Service in the first

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year of full operation of approximately \$3.0 million and \$2.56 million and \$1.92 million in following years.

Main Provisions

Item 3 of Schedule 1 of the Bill increases from 100 to 300 the number of transactions that will be required before the higher rate of depot licensing charge is payable.

Item 4 of Schedule 1 of the Bill inserts a **new section 6A** in the *Customs Depot Licensing Charges Act 1997* and sets the amount of the proposed depot licence variation charge. The proposed charge payable by an applicant for the variation of a depot licence will be \$300 or a prescribed amount not exceeding \$450.

Endnotes

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- 1 Customs Legislation Amendment and Repeal (International Trade Modernisation) Bill 2000, *Explanatory Memorandum*, p. 5.

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