

EXPLANATORY MEMORANDUM
Customs Tariff (2017 Budget)(Amendment) Bill 2016

The Bill proposes:

An amendment to replace the current fixed export duty rate of 28.5 percent applying on unprocessed old – growth logs with a progressive export duty rate.

This amendment is necessary to encourage increased downstream processing and to fully capture the resource rent of varying log species of such exploitable old-growth logs exported unprocessed.

SECOND READING SPEECH
CUSTOMS TARIFF (2017 BUDGET) (AMENDMENT) BILL 2016

MR SPEAKER,

THE BILL PROPOSES AN AMENDMENT TO REPLACE THE CURRENT FIXED RATE OF 28.5 PERCENT ON EXPORT OF UNPROCESSED OLD – GROWTH LOGS WITH A PROGRESSIVE EXPORT DUTY RATE. THIS AMENDMENT IS NECESSARY TO ENCOURAGE INCREASED DOWNSTREAM PROCESSING FOR SPIN-OFF BENEFITS AND TO FULLY CAPTURE THE RESOURCE RENT OF VARYING LOG SPECIES.

MR. SPEAKER, I COMMEND THE BILL.



No. of 2016.

Customs Tariff (2017 Budget)(Amendment) Bill 2016.

ARRANGEMENT OF CLAUSE.

Customs Tariff (Amendment of Schedule 2 - Rates of Export).



A BILL

for

An Act

entitled

Customs Tariff (2017 Budget)(Amendment) Bill 2016,

Being an Act to amend the *Customs Tariff Act 1990,*

MADE by the National Parliament and to come into operation on 1 January 2017.

CUSTOMS TARIFF (AMENDMENT OF SCHEDULE 2 - RATES OF EXPORT).

Schedule 2 of the Principal Act is amended by repealing the tariff item, description of goods and rates of excise duty and remarks shown and replacing them the following -

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TARIFF ITEM	CLASS OF GOODS	RATE	REMARKS																
44.03	Timber logs and poles in the rough, whether or not stripped of bark of sapwood, or roughly squared (ie. Not downstream processed eg, sawn timber), of all species (other than balsa, blackbean, cordia, ebony, rosewood, teak and all conifers the export of all of which is banned)	As per the table below																	
	<table border="1"> <thead> <tr> <th>2017 thresholds</th> <th>2017 export tax</th> </tr> <tr> <th>(FOB price, US\$/M³)</th> <th>(US\$/M³)</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>Px0.095</td> </tr> <tr> <td>Above \$25.00</td> <td>Px0.2375 - 3.56</td> </tr> <tr> <td>Above \$30.00</td> <td>Px0.4275 - 9.26</td> </tr> <tr> <td>Above \$35.00</td> <td>Px0.4750 - 10.95</td> </tr> <tr> <td>Above \$40.00</td> <td>Px0.5225 - 12.2</td> </tr> <tr> <td>Above \$55.00</td> <td>Px0.6175 - 18.04</td> </tr> </tbody> </table>		2017 thresholds	2017 export tax	(FOB price, US\$/M ³)	(US\$/M ³)	0	Px0.095	Above \$25.00	Px0.2375 - 3.56	Above \$30.00	Px0.4275 - 9.26	Above \$35.00	Px0.4750 - 10.95	Above \$40.00	Px0.5225 - 12.2	Above \$55.00	Px0.6175 - 18.04	
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