

1988

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

BOUNTY AND SUBSIDY LEGISLATION AMENDMENT BILL 1988

SUPPLEMENTARY EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Industry,  
Technology and Commerce, Senator the Honourable  
John N. Button)



## Bounty and Subsidy Legislation Amendment Bill 1988

### Outline

(Amendment to be moved on behalf of the Government)

The purpose of the amendment is to effect a technical drafting change to section 3AA of the Bounty (Textile Yarns) Act 1981, to clarify the application and administration of the Government's policy initiative introduced last year by the Bounty and Subsidy Legislation Amendment Act 1987 (Act No. 54 of 1987, which makes eligible for bounty a proportion of a producer's factory costs incurred in producing yarn for export.

### Financial Impact Statement

The proposed amendment has no financial implications. Rather, it is intended to remove a possible impediment to the effective operation of Section 3AA of the Textile Yarns bounty, which extended eligibility for bounty last year to a proportion of a producer's overheads associated with export production. That extension was expected to add \$300,000 in bounty payments under the Act for financial year 1987/88, the year when the extension commenced.

### Notes on amendment

The amendment to section 3AA of the Bounty (Textile Yarns) Act 1981 repeals the existing section and substitutes a redrafted provision to express more simply the policy initiative of extending the eligible production costs upon which bounty is payable to include a proportion of a producer's production costs associated with export production.

Claims for bounty received since the commencement of the new regime (ie. 1 July 1987) have highlighted the inordinate complexity with the application of the formula which is currently employed in the section. The redraft will give effect to the desired policy of allowing for a greater amount of bounty to be paid on bountiable yarn which is sold or used domestically, by adding to the factory costs incurred in the production of a particular kind of such yarn sold or used on or after 1 July 1987 (paragraph (a)), 30% of the factory costs incurred by that producer in producing that same yarn for export sale or disposition (paragraph b).

- The export sale must be in the same relevant accounting period as the domestic sale, and that accounting period must be a "qualifying accounting period", ie. one in which more of the producer's bountiable yarn is sold or used domestically than is sold or otherwise disposed of for export.

