

1990

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

BOUNTY LEGISLATION AMENDMENT BILL (No. 2) 1990

EXPLANATORY MEMORANDUM

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

BOUNTY LEGISLATION AMENDMENT BILL (No. 2) 1990

OUTLINE

This Bill proposes amendments to various bounty Acts. Its major purpose is to amend the Bounty (Computers) Act 1984 to extend the computer bounty scheme from 6 July 1990 (the previous scheme expired on 5 July 1990) to 31 December 1995, as announced by the Government on 12 June 1990.

The bounty will continue to be paid to eligible producers of computer based equipment, covering mainly computers, microprocessor based controllers and regulators, modems and multiplexors, hybrid circuits, integrated circuitry, and systems software associated with eligible items.

The bounty is currently paid at a rate of 20% on the value-added in production of eligible computer equipment, but will be steadily phased down under the proposed amendments to align this bounty scheme with other general reductions in bounty assistance. The proposed phase down is as follows:

- . 17 percent from 6 July 1990,
- . 15 percent from 1 July 1991,
- . 13 percent from 1 July 1992,
- . 11 percent from 1 July 1993, and
- . 9 percent from 1 July 1994 to 31 December 1995

This phasing down of the bounty rate will maintain the relationship between the effective rate of assistance for the bountiable goods sector and that of manufacturing generally (excluding the passenger motor vehicles and textiles, clothing and footwear sectors) and takes into account the general tariff reductions program announced in the Government's 1988 May statement.

The Bill also proposes minor technical amendments to the Bounty (Computers) Act 1984, Bounty and Capitalisation Grants (Textile Yarns) Act 1981, and Bounty (Textile Yarns) Amendment Act 1990 which are explained in detail in the attached Notes on Clauses.

Financial Impact Statement

It is estimated that the cost (at current prices) of extending the Computer bounty will be:

- . \$37.6M in 1990/91
- . \$38.0M in 1991/92
- . \$36.0M in 1992/93
- . \$34.0M in 1993/94
- . \$32.0M in 1994/95
- . \$25.0M in 1995/96.

BOUNTY LEGISLATION AMENDMENT BILL (No. 2) 1990NOTES ON CLAUSES

Short title etc.

Clause 1 provides for the citation of this Act as the Bounty Legislation Amendment Act (No. 2) 1990.

Commencement

Clause 2 provides for the Act to commence on the day of Royal Assent (subclause 1), with the exception of:

- . the proposed amendment of subsection 5(8) of the Bounty (Computers) Act 1984, which is taken to have commenced on 9 March 1990, being the date on which the Industry Commission Act 1990 commenced (subclause 2); and
- . the proposed amendment of section 3AA of the Bounty and Capitalisation Grants (Textile Yarns) Act 1981, which is taken to have commenced on 1 July 1990, being the date on which the Australia-New Zealand Closer Economic Relations Trade Agreement ("ANZCERTA") amendments contained in the Bounty Legislation Amendment Act 1990 (Act No. 42 of 1990) (relating to the prohibition on the payment of bounty in respect of goods which are for export to New Zealand) took effect (subclause 3); and
- . the proposed amendment of section 12 of the Bounty (Textile Yarns) Amendment Act 1990, which is taken to have commenced on 16 June 1990, being the date on which that Act commenced (subclause 4).

Amendments of various Bounty Acts

Clause 3 provides that the Bounty Acts specified in the Schedule are amended as set out in that Schedule.

Schedule

The amendments contained in this Schedule give effect to changes to various Bounty Acts as follows:

Bounty (Computers) Act 1984

Subsection 3(1) (paragraph(e) of the definition of "bountiable equipment")

This amendment omits paragraph (e) and substitutes new paragraphs (e) and (ea) to provide a facility for the automatic addition of bountiable goods which re proposed to be included as "bountiable equipment" via the declaration/Gazette facility in subsection 5(1) of the Act.

New paragraph (e) incorporates bountiable goods which are to be defined as such via the subsection 5(1) declaration/Gazette facility, whilst new paragraph (ea) restates the existing paragraph (e) together with adding the class of computer equipment which has been the subject of a declaration under subsection 5(1) (Gazette No. S45 of 21 February 1990).

Subsection 3(1) (definition of "bounty period")

This amendment omits the reference to "5 July 1990" and substitutes "31 December 1995", thereby extending the computer bounty scheme for a further five years in accordance with the Government's decision of 12 June 1990.

Subsection 5(8)

This amendment is technical in nature and amends the reference to subsection 23(3) of the Industries Assistance Commission Act 1973 to refer to subsection 10(1) of the Industry Commission Act 1990 so as to reflect the fact that the former Act has been superseded by the latter Act on and from 9 March 1990.

Paragraph 6(5)(b)

This amendment omits the reference to a rate of duty "that exceeds 2%" and substitutes a reference to a rate of duty "that exceeds the rate of free", to make the provision consistent with the Government's decision on and from 1 July 1988 to remove the 2% revenue duty.

Paragraph 10(b)

This amendment omits the paragraph and substitutes new paragraphs which specify the bounty rates applicable under the extended scheme in respect of the manufacture of bountiable equipment completed during the relevant bounty periods, as follows:

- . 20% of the value added to the equipment by the manufacturer after 20 August 1986 and before 6 July 1990 (new paragraph 10(b)), which is the existing bounty rate;

- . 17% of the value added to the equipment by the manufacturer from 6 July 1990 and before 1 July 1991 (new paragraph 10(c));
- . 15% of the value added to the equipment by the manufacturer from 1 July 1991 and before 1 July 1992 (new paragraph 10(d));
- . 13% of the value added to the equipment by the manufacturer from 1 July 1992 and before 1 July 1993 (new paragraph 10(e));
- . 10% of the value added to the equipment by the manufacturer from 1 July 1993 and before 1 July 1994 (new paragraph 10(f)); and
- . 9% of the value added to the equipment by the manufacturer from 1 July 1994 to 31 December 1995 (new paragraph 10(g)).
- This phasing down of the bounty rate will maintain the relationship between the effective rate of assistance for the bountiable goods sector and that of manufacturing generally (excluding the passenger motor vehicles and textiles, clothing and footwear sectors) and takes into account the general tariff reductions program announced in the Government's 1988 May Statement.

Subsection 20(8)

This amendment removes the orderly development provision from the Act consistent with similar repeals in Bounty and Subsidy legislation during 1988 and 1989.

- . The orderly development discretion had been a standard administrative provision of all bounty schemes, and was intended to provide a facility to control the right of entry to schemes as a means of encouraging desirable rationalisation of the industries concerned. However, for this scheme, as with other schemes, it has not been desirable to restrict the potential bounty claimants on orderly development grounds. The continued presence of the provision unnecessarily adds to the cost of administering the bounty, and delays payment of bounty to new entrants to the industry. The removal of the provision is intended to address those concerns.

Section 34

The amendments to this section provide that:

- . in respect of bountiable equipment manufactured before 6 July 1990, bounty is payable out of Consolidated Revenue, which is appropriated accordingly (subsection 34(1)); and
- . in respect of bountiable equipment manufactured after 6 July 1990, bounty is payable out of money appropriated by the Parliament for the purpose (new subsection 34(2))

- The new subsection 34(2) is the now standard annual appropriation provision and brings the extended scheme into line with other existing Bounty and Subsidy Acts.

Bounty and Capitalisation Grants (Textile Yarns) Act 1981

Section 3AA

This amendment is technical in nature and corrects an inadvertent omission made when the Bounty Legislation Amendment Act 1990 (Act No. 42 of 1990) amended subsection 7(1) to provide that bounty is not payable in respect of bountiable yarn to be exported to New Zealand, on account of the ANZCERTA Agreement.

The inclusion of a new subsection 3AA(2) ensures that any addition to factory cost in connection with the production of eligible yarn does not take account of yarn sold or otherwise disposed of after 1 July 1990 for export to New Zealand.

- . The date 1 July 1990 reflects the date of effect of the ANZCERTA Agreement amendments relating to the prohibition on the payment of bounty in respect of goods which are for export to New Zealand.

Bounty (Textile Yarns) Amendment Act 1990

Section 12

This amendment is technical in nature and corrects a reference to the short title of the textile yarns legislation. The amendment substitutes "Bounty and Capitalisation Grants (Textile Yarns) Act 1981" for "Bounty (Textile Yarns) Act 1981".

- . The amendment to the short title of the Act was effected by section 5 of the Bounty (Textile Yarns) Amendment Act 1990 (Act No. 69 of 1990).



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