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BOUNTY AND SUBSIDY LEGISLATION AMENDMENT BILL 1986

Date introduced: 17 April 1986
House: House of Representatives
Presented by: Hon. Barry Jones, M.P.,
Minister Assisting the Minister
for Industry, Technology and
Commerce

DIGEST OF BILL

Purpose

This is an omnibus Bill that will amend six bounty Acts and one subsidy Act.

Background

This Bill introduces all the amendments to bounty and subsidy Acts that are required during the 1986 Autumn sitting. A number of the amendments insert review provisions into various Acts. This will fulfil an undertaking given by the Minister to the Senate Standing Committee for the Scrutiny of Bills. The other major amendments relate to:

Modems and Multiplexers: The assistance arrangements for telecommunications equipment were examined by the Industries Assistance Commission (IAC) in its report No. 352, 'Telecommunications and Related Equipment and Parts', which was delivered in October 1984. The Government's response to this report was released by the Minister on 10 October 1985. The Government accepted the IAC's recommendations concerning the reduction of tariffs from 30% to 20% which will be phased in over four years. The Government also accepted the IAC's recommendation that a 25% value-added production bounty be paid on modems and multiplexers which are both computer communications equipment.[1]

High Alloy Bar and Stainless Steel Flat Products: Under present assistance arrangements, the provisions relating to high alloy bar and stainless steel flat products are

contained in the same schedule to the **Bounty (High Alloy Steel Products) Act 1983**. Prior to April 1984 both products were produced by the one company and the market for both products was relatively buoyant. In April 1984 the production of bar products was transferred to Comsteel Vickers and the production of flat products was transferred to the BHP Coated Products Division. Since then, the market for flat products has remained buoyant while that for bar products has deteriorated. As bounty payments currently depend on the health of the combined markets, they have been at a low level to the detriment of the bar producer. This problem was examined by the Steel Industry Authority which recommended separate bounty arrangements.

Main Provisions

Clause 4 will amend the **Bounty (Agricultural Tractors and Equipment) Act 1985** to allow the Administrative Appeals Tribunal (AAT) to review decisions relating to the date of registration of premises. Clause 6 will amend the **Bounty (Commercial Motor Vehicles) Act 1978** to achieve the same purpose.

A new category of bountiable goods, modems and multiplexers, will be added to the definition of bountiable equipment contained in section 3 of the **Bounty (Computers) Act 1984**. This will provide for a 25% value-added bounty on such goods (clause 8). The clause will operate from 1 July 1986 (sub-clause 2(2)).

Clause 9 will amend the **Bounty (Computers) Act 1984** to make it clear that the Minister can vary a class of bountiable equipment without an IAC report.

Part V of the Bill (clauses 12 to 16) amends the **Bounty (High Alloy Steel products) Act 1983**. The major changes will be:

- . separate definitions of bountiable bar product and bountiable flat product (clause 13);

- . a bounty will not be payable during a quarter in which notional annual sales of bar products exceeds 23 000 tonnes (sub-clause 14(4A));

- . a bounty will not be payable during a quarter in which notional annual sales of flat products exceeds 25 000 tonnes (sub-clause 14(5A));

. the rate of bounty will range from 20% to zero depending on annual sales (Schedules 1 and 2 of the Bill); and

. there will be limits of \$3.28 million on total bounties for bar products and \$5.72 million for flat products (clause 15).

These amendments will be deemed to have operated from 1 July 1985 (sub-clause 2(4)).

The Bounty (Metal Working Machines and Robots) Act 1985 will be amended to allow the AAT to review decisions relating to the capacity and capability of equipment after modification, and the registration date of premises (clause 20).

The Bounty (Ships) Act 1980 will be amended to include hovercrafts of over 150 gross tons if they are registered as ships and used to convey passengers or goods (clause 22).

For further information, if required, contact the Economics and Commerce Group.

14 May 1986

Bills Digest Service
LEGISLATIVE RESEARCH SERVICE

Reference

1. Department of Industry, Technology and Commerce News Release, dated 10 October 1985, p.4.

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