

**Senate Standing Committee on Economics**  
ANSWERS TO QUESTIONS ON NOTICE  
Innovation, Industry, Science and Research Portfolio  
Supplementary Budget Estimates Hearing 2009-10  
21 October 2009

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**AGENCY/DEPARTMENT:** INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

**TOPIC:** Expanded Overseas Assembly Provisions Scheme

**REFERENCE:** Question on Notice (Hansard 21 October 2009, E64)

**QUESTION No.:** SI-42

**Senator FIERRAVANTI-WELLS**— I also have a question on the Expanded Overseas Assembly Provisions Scheme.....

**Senator FIERRAVANTI-WELLS**—I ask that in particular because the scheme has assisted our knitting mills—particularly ABMT, Andorra Australia and Target, who value add knitwear products—and, I understand, involves about 1.4 million units of value added product. Given the difficulties that the knitting industry is facing at the moment, can you tell me or take on notice to tell me the impact that this will have when the scheme is removed and what alternative—

**Senator Carr**—It was designed to end at this point, wasn't it?

**Mr Sexton**—Yes.

**Senator Carr**—So it was a policy the previous government had. It was your government's decision.

**Senator FIERRAVANTI-WELLS**—I am just asking, if you could, Mr Sexton, to give us—

**Senator ABETZ**—It is amazing how many of our policies you adopt, Minister.

**Senator Carr**—It is amazing how many policies you forget.

**Senator FIERRAVANTI-WELLS**—Minister; I did not ask it in that context. I am asking, if you could, Mr Sexton, to give us an outline of the terms of that impact on specifically the knitting Industry.

**Mr Sexton**—Yes.

**ANSWER**

To benefit from the Expanded Overseas Assembly Provisions Scheme (EOAP) participants must use Australian fabric or leather to the value of at least 80 percent of the value of the total fabric and/or leather used in the manufacture of the good.

When the EOAP ends on 30 June 2010 a reduction in the demand for Australian fabric or leather would be expected to occur as some manufacturers are likely to switch to using non-Australian fabric or leather. Where Australian fabric has advantages over non-Australian fabric, there is likely to be little impact of the ending of the EOAP.

For knitted fabric, around one fifth to one quarter (\$6.5 million–\$8.5 million (GST exclusive)) of exported knitted fabric is expected to benefit from the EOAP in its last year of operation.