Bounty (Photographic Film) Bill 1989

Date Introduced: 21 November 1989
House: House of Representatives
Portfolio: Industry, Technology and Commerce

Digest of Bill

Purpose

To provide for the payment of a bounty on the manufacture of colour photographic film in Australia for the period 1990 - 1992.

Background

There is only one producer of colour photographic film in Australia, Kodak (Australasia) Pty Ltd., a subsidiary of Eastman Kodak of the United States. Eastman Kodak recently announced that there would be a restructuring of its world-wide operations to overcome financial difficulties and falling profits. Concern has also been raised regarding a damages claim won by Polaroid for breach of patents in 1988. It is estimated that damages could be as high as US$1.5 billion. As part of the restructuring, it was announced that Kodak (Australasia)'s factory in Melbourne would be closed and the area it previously supplied, Australia, New Zealand, South-East Asia and the Pacific Islands, would be supplied by another plant.

The decision to close the plant was not taken because it was unprofitable. Kodak (Australasia) is reported to have made a pre-tax profit of $40 million in the last year and the decision is best explained in the general context of Eastman Kodak's international operations. The prospect of a unified European market from 1992 has encouraged the retention of European plants even if they are not as efficient as the Australian operation. The access gained to such a large market without barriers will put the company in a better position than attempting to import into Europe. Similarly, tariff protection and tax concessions on certain earnings make other locations, such as some South American countries, more attractive than Australia even though the Australian plant is more efficient. The management of Kodak (Australasia) sought to keep the plant open through negotiations with the parent company and the provision of assistance. The Victorian government committed $6.5 million for assistance and the maximum available under this Bill will be $36 million. Eastman Kodak has agreed that the Australian plant will be given the right to supply India, currently supplied from Britain, if the assistance package was successfully negotiated. The package also contains a number of conditions that must be met by
Kodak (Australasia), including that the company institute a program aimed at savings of $20 million a year, that both sensitizing and finishing operation continue in Australia and that export activities continue for at least the next five years.

The Governments arguments in favour of assistance for the industry are based on the contributions Kodak (Australasia) makes to exports, employment and taxation. In 1989, total sales are estimated at $472 million, of which $164 million will be from export sales. The immediate employment aspect will be the retention of 500 jobs that would have been lost had the plant closed. The total taxation gain from the plant continuing to operate is hard to calculate, but will comprise tax on the businesses profits and wages paid to employees. The main argument against the bounty is that it is a distortion of market forces and may foreshadow a return to a more protectionist policy. The Shadow Minister has stated that the Bill will be repealed by the Opposition should it be enacted and the Opposition returned to government.

Main Provisions

The Bill will commence on 1 January 1990 (clause 2).

Clause 4 contains a number of definitions. The more important are those for: 'bountiable photographic film', which is defined to be colour sensitive film that, if imported, would fall under an item in the Customs Tariff Act 1987; 'Finishing operations' which involves the cutting of film from large rolls (over 1 meter wide and 200 metres long) into 35 millimetre widths and placing the film on spools; 'period to which the Act applies', which is defined to be the period 1 January 1990 to 31 December 1994; and 'sensitizing operations' which involves the placing of light sensitive emulsions onto the large rolls of film.

Clause 7 deals with the operations on which the bounty will be payable. The bounty will be payable to the producer for the production of bountiable film so long as the sensitizing and finishing operations are carried out in Australia, the finishing operations are completed between 1 January 1990 and 1 January 1993 and the producer is a registered person at all times during the period to which the Act applies. The bounty will not be payable on film exported, either directly or indirectly, to New Zealand on or after 1 July 1990 (clause 8).

The payment of bounty is dealt with in Part 3 (clauses 9 to 15) of the Bill. Applications for the bounty are to be lodged by 1 April 1993, and the Comptroller may approve the payment of bounties on 1 January 1995 unless the claimant ceases to be a registered person before that date (clause 9). Clause 11 authorises the payment of advances of bounty funds, at the Comptrollers discretion, before this date and provides for the repayment of advances where the bounty subsequently ceases to be payable to the person. The rate of bounty will be $3.75 per square metre of bountiable film produced (clause 10). Advances may be deferred where insufficient funds have been appropriated to meet valid
claims in a financial year (clause 12) while clause 13 provides for variations of excess claims where the producer has become aware of the excessive claim and clause 14 provides a general power to adjust claims where there has been an overpayment of bounty. In the latter case, where the excess is not due to a fault on behalf of the person making the claim and the cost of recovery is high and the chances of successfully recovering the funds is low, and the excess is $25,000 or less, the Comptroller may decline from attempting to recover the excess.

Part 4 of the Bill deals with administration. Clause 16 provides for the registration of producers of bountiable photographic film. Applications are to be made by 1 March 1990 and registration will be deemed to have occurred from 1 January 1990. Clause 18 will allow the Comptroller to require a person eligible to receive the bounty to lodge a security and the bounty will not be payable if the person does not comply with this requirement. Clause 20 will allow Customs officers to enter premises, other than residential premises, occupied by a registered person, while clause 21 provides for the entry of other premises with consent or subject to a warrant. Clause 24 contains a number of offence provisions, including refusing to answer questions or produce documents. It will also be an offence to knowingly obtain, or try to obtain, a bounty that is not payable or to knowingly or recklessly mislead an authorised officer (clause 24).

Clause 26 provides for the recovery of bounty payments where the person is convicted of certain offences (e.g. obtaining a bounty that is not payable).

Clause 28 provides for annual returns dealing with the payment of bounty to be provided to Parliament.

References

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

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This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

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