Bounty and Subsidy Legislation Amendment Bill (No. 2) 1988

Date Introduced: 1 September 1988
House: House of Representatives
Presented by: Hon. Barry Jones, M.P., Minister for Science, Customs and Small Business

Digest of Bill

Purpose
To extend the life of the printed fabric and textile yarns bounty schemes, and to increase the funds available for the bed sheeting bounty.

Background
The Textiles, Clothing and Footwear (TCF) industries form a significant part of the Australian manufacturing sector. In 1984–85, they contributed some $2685 million to value added which represented 7% of total manufacturing value added. Of total TCF value added, 39% was attributable to the clothing sector, 38% to the textiles sector, 11% to footwear and 12% to knitting mills. Turnover, in 1984–85 of $6239.4 million in the TCF sector accounted for 6.4% of total manufacturing turnover. During the year, fixed capital expenditure less disposals increased significantly to $164.7 million but this still represents only 5.3% of total manufacturing fixed capital expenditure.

The structure of assistance currently provided to TCF industries reflects a long history of government support. This culminated in the early 1970s with the introduction of import quotas. Initially intended as an interim measure, these quotas subsequently became an integral part of TCF sector assistance arrangements. The current TCF plan, which commenced on 1 January 1982 and scheduled to run for seven years, largely continues the complex assistance structure. Tariff quotas continue to apply to the bulk of clothing and footwear items; differing rates of tariff are imposed on most fabric and textile products; and bounties are granted to the production of most yarns and printed fabrics.

On the 28 November 1986, the Minister for Industry, Technology and Commerce announced details of a new TCF plan. The plan will commence full operation on 1 March 1989 and is to run for seven years. For an outline of the new TCF plan refer to the Digest for the Textiles, Clothing and Footwear Development Authority Bill 1988.

Under the post 1988 TCF plan, current rates of bounty will be phased down to 30% by the end of the plan in 1996. The bounty rate for printed fabrics is to be phased down from 56% to 30% by 1 March 1996. The textile yarns bounty
is to be reduced from 46.5% of factory cost value added to 45% on 1 March 1989, with a further reduction to 37.5% on 1 March 1993, and the final drop to 30% on 1 March 1994. In the 1988 May Economic Statement, the government decided to shorten the TCF plan by eight months. The TCF plan is now to operate until 30 June 1995.2

**Main Provisions**

Clause 2 provides that the proposed amendments to the *Bounty (Bed Sheeting) Act 1977* will commence on 1 November 1988.

Clause 4 will amend the Acts specified in Schedules 1 and 2 as set out in those Schedules. The major amendments are:

*Bounty (Bed Sheeting) Act 1977*

The annual amount of bounty available for payment will be increased from $600 000 to $3.2 million, commencing on 1 March 1989 and operating until 1 March 1993.

*Bounty (Printed Fabrics) Act 1981*

The life of this bounty will be extended from 31 December 1989 until 30 June 1995. The amount of bounty payable will be reduced on a sliding scale from 1 March 1989 to 30 June 1995.

*Bounty (Textile Yarns) Act 1981*

The life of this bounty will be extended from 31 December 1989 until 30 June 1995. The amount of bounty payable will be reduced on a sliding scale from 1 March 1989 to 1 March 1994.

**References**
