Bounty (Electric Motors) Bill 1984

Date Introduced: 5 September 1984
House: House of Representatives
Presented by: Hon. J.J. Brown, M.P., Minister Assisting the Minister for Industry and Commerce

Short Digest of Bill

Purpose

To introduce temporary assistance to producers in Australia of electric motors by way of a $14 bounty payable on motors in the range 0.746kW to 38kW manufactured in the 12 months from 17 July 1984.

Background

Electric motors comprise "fractional" motors of less than 0.746kW in power and "integral" motors of power 0.746kW or more. The question of assistance to Australian production of electric motors was referred to the Industries Assistance Commission (IAC) on 16 January 1984 for report by 16 April 1985 as to whether local production of a.c. (alternating current) and universal electric motors should be assisted, and for report by 16 April 1984 on whether current assistance arrangements should be varied. The IAC has presented an Interim Report on short-term assistance, recommending no interim variation to current assistance.[1]

The current assistance comprises an ad valorem tariff of 25 per cent, reduced from 30 per cent in October 1983. Since 1979, dumping duties have also applied to imports of some types of electric motor from various countries. Quota limitations are applied to certain imports from developing countries but these have not become restrictive to date.[2]

Some 90 per cent of a.c. electric motors produced locally are of fractional power ratings (less than 0.746kW). Of integral motors produced locally, most are of less than 10kW. The industry has been previously examined by the IAC, in 1976 and in 1980.[3] Some rationalisation of the industry has since occurred. The number of participants in the market for one type of motors has fallen from 6 in 1979
to 3 in 1984 illustrating the extent of industry rationalisation. In addition, one company has invested in robotic production methods, increasing investment in fixed assets by about 40 per cent from 1981 to 1983. The robot project is under the Manufacturing Technology Project of the Department of Science and Technology, and involves some government assistance.[4]

The IAC reviewed recent changes in the market shares of local producers and importers. In volume terms, local production declined by about 35 per cent between 1980-81 and 1982-83. A notable feature was a decline in the apparent total market in 1982-83 by about 25 per cent. Separating the fractional (less than 0.746kW) and integral (0.746kW and over) motor markets, local production declined from 79 per cent to 73 per cent from 1980-81 to 1982-83 in respect of the former and from 69 per cent to 49 per cent in respect of the latter.[5]

The IAC presented an estimate of the local market for three phase, squirrel cage a.c. motors in the power range 0.746kW to 38kW. From 1980 to 1983, the total market contracted by about 12 per cent, and the local producers' share declined from 33 per cent to 28 per cent. It is this category of motor which the Bill would assist.

Several local manufacturers requested short-term assistance by restoring the 25 per cent duty rate to 30 per cent. One manufacturer suggested a 25 per cent duty plus either an additional duty of $30 per motor and $10 per kW, or a bounty of 40 per cent of Australian value added at the factory cost level.[6]

Main Provisions

Clause 3 defines "bountiable motors" as certain types of three phase, squirrel cage, a.c. motors of less than 38kW, but at least 0.746kW, power rating.

Clause 11 specifies the amount of bounty as $14 per motor, with a limit on total bounty paid to any one manufacturer of $300,000 (clause 12). The "bounty period" commences on 17 July 1984 and ends on a date fixed by the Minister and earlier published in the Gazette. In any case, the termination date must be notified by 16 July 1985 (sub-clause 3(2)).

Bounty is payable only where the value added by the manufacturer is at least a third of the "factory cost", a term defined in clause 5 to exclude sales taxes, selling and service charges, profit etc. Value added is calculated
under clause 6, deducting the into-store cost of materials and of services unconnected with the manufacture. Clause 7 gives the Comptroller-General of Customs power to determine the factory cost in certain circumstances.

Entitlement to bounty is also conditional on the manufacture having occurred at premises registered under clause 22; the motor being of good and merchantable quality (clause 13); and the keeping of proper records as required by clause 23. Clause 9 forbids the exercise of any power in a non-uniform manner infringing the rider in paragraph 51(iii) of the Constitution.

Manufacturers are required under clause 18 to furnish a return of costs relating to production of bountiable motors.

The Bill empowers entry at any time to places which are registered, or where bountiable motors or relevant documents are believed to be kept. Clause 27 further enables a Collector or authorized officer by notice to compel any person believed on reasonable grounds to be capable of giving relevant information, to attend and answer questions.

The Bill provides for various offences. Although the Bill is to be deemed to have commenced on 17 July 1984, the offence provisions are not to operate, retrospectively, prior to the date of Royal Assent.

The Bill appropriates the necessary funds from Consolidated Revenue, and returns to Parliament detailing expenditure. Regulations provides for may be made under clause 38. Administrative review of an enumerated class of decisions under the legislation is facilitated by requirements for notification of reasons and of entitlement to review.

For further information, if required, contact:

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References