BOUNTY (INJECTION-MOUSLING EQUIPMENT) AMENDMENT BILL 1983

Date Introduced: 5 October 1983
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 provide temporary assistance to the Australian industry producing machines for injection-moulding plastics, pending completion of an Industries Assistance Commission (IAC) inquiry.

Background

Plastics are generally produced from petrochemical feedstocks. They are widely used in packaging of food and many other products. Since packaging materials frequently take up as much volume when empty as when full, economies may be realized by onsite production of containers. Thermoplastics used in packaging are manufactured at a large petrochemical establishment and distributed in powder or granular form, from which the finished product may be made by heating the plastic and forcing it under pressure into a mould. This process is performed by an injection-moulding machine.

The Industries Assistance Commission (IAC) inquired into the Australian industry making injection-moulding machines in December 1978[1]. There were at the time two manufacturers, Johns Consolidated Ltd. and Battenfeld Australia P/L. A third manufacturer, Handel Industries P/L, had been taken over by Johns in 1974.

The 1978 IAC inquiry found a tariff rate of 55 per cent and recommended a long term rate of 15 per cent, to be alleviated if introduced immediately by a bounty scheme with phased reductions over 5 years[2]. The Government accepted these recommendations, to apply from 23 May 1979. A bounty scheme was introduced with payments of 45 per cent of the value of production in the 12 months from 23 May 1979, decreasing by 10 percentage points annually. To 31 January
1983, nearly $5.8 million had been paid under the bounty scheme[3].


Battenfeld produces injection-moulding machines of both the toggle and hydraulic types at Albury, NSW. Local production is estimated to comprise 30 per cent of total sales in 1982-83.

Both Australian manufacturers also import injection moulding machines.

The question whether urgent action for industry protection was necessary was referred to the Temporary Assistance Authority (TAA) on 17 January 1983. Maintenance of production capability was represented to be necessary for defence. The TAA recommended no urgent action and no change to existing duty and bounty rates.

Pending completion of the IAC inquiry, the special additional bounty of 20 per cent to apply to machines produced after 23 May 1983, and sold for use in Australia, was announced on 10 June 1983 and would be implemented by this Bill[4]. The IAC is to report before 29 February 1984.

Main Provisions

The Bill amends the Bounty (Injection-moulding Equipment) Act 1979. That Act is expressed to provide bounty of 5 per cent in the period from 23 May 1983, to 22 May 1984, and 0 per cent thereafter.

The Bill is drafted to effectively substitute rates of 25 per cent and 20 per cent respectively.

Section 8A would be inserted in the Act by clause 3 and may be succinctly explained in terms of a period A, and an immediately subsequent period B. Period A commences on 10 June 1983. Dates for the end of each period may be fixed by the Minister but in default are 29 February 1984 and 22 May 1984.

In period A, the additional bounty of 20 per cent is payable on machinery manufactured within the period, provided that the manufacturer was engaged in manufacture throughout the period and satisfies the Minister that his best endeavours were used to maintain employment at the level of 10 June 1983. For entitlement to bounty in respect
of machinery for which manufacture was completed within period B, an undertaking by the manufacturer to the same effect as to maintenance of employment is required. By subsection 8A(7), the undertaking may operate retrospectively within period B to qualify all machinery manufactured during the period for the additional 20 per cent bounty. During period B, non-compliance with the undertaking is a ground for removal of additional bounty entitlement.

Clauses 5 and 6 augment review provisions to accommodate new decision-making powers given to the Minister.

Section 17 gives to the Comptroller-General a power in respect of persons capable of giving relevant information. Clause 4 would effectively exempt mere purchasers of injection-moulding equipment for use in producing artificial plastic goods.

For further information, if required, contact:

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References
