INDUSTRIAL RESEARCH AND DEVELOPMENT INCENTIVES AMENDMENT BILL 1981

Date Introduced: 8 April 1981
House: House of Representatives
Presented by: Hon. D.S. Thompson M.C., Minister for Science and Technology.

Short Digest of Bill

Purpose

To encourage by way of export, innovation and investment incentives research and development projects leading to technical innovation and the development of new products and processes which are most likely to be internationally competitive and export oriented.

Background

This Bill amends the Industrial Research and Development Incentives Act 1976. The present Act expires on 30 June 1981; this Bill extends its operation for five years from that time. The systems of commencement grants, project grants and public interest projects will continue, with increased grant limits for both commencement and project grants.

Coverage will be extended to include industrial research and development (IR&D) related to certain construction operations. Also, computers software Research and Development will be eligible for project grant assistance if the project relates directly to developing new products or new or improved mining or manufacturing processes or eligible building site activities.

Also, this Bill provides for a restructuring of the Australian Industrial Research and Development Incentives Board, which administers the Act, and the creation of a Technical Standing Committee to advise the Board. The Australian Industrial Research and Development Incentives Committee, current advisors, will be re-directed to advise the Minister on the selection of public interest projects and other matters relating to the operation of the Act referred by the Minister.
Main Provisions

Clause 1 provides for the citation of the Act and for reference in the Bill to "the Principal Act".

Clause 2 provides that the new program of IR&D incentives should become operative on 1 July 1981, except for those provisions relating to IR&D carried out at building sites; these will be deemed to have come into operation on 1 July 1980.

Clause 3 amends Section 4 of the Principal Act to include definitions relating to eligible construction operations and computer software research and development (R&D). Sub-clause 2(f) and 2(g) specify that computer software R&D will be eligible where it relates directly to new products and or processes relating to; manufacturing mining, or site building or construction activities. Where software R&D has been eligible under the commencement grant scheme, that eligibility is retained.

Clause 4 which amends Section 6 of the Principal Act is concerned with the approval of research associations etc. Sub-clause (1) provides that specified unincorporated bodies or associations can be deemed to be "recognised" companies for the purpose of the "eligible company" provisions of the Act and that their name may then be published in the Gazette. Sub-clause (3) states that if an unincorporated body or association was deemed "eligible" under Section 4(1) of the Principal Act, this declaration will continue to apply, under paragraph 6(1)(aa), of the Act which is inserted by the clause (unless the Board revokes the declaration by publication in the Gazette).

Clause 5 states that advice on detail matters, including employees, qualifications, should be given by the Technical Standing Committee of the Board and not, as at present, by the Advisory Committee.

Clause 6 gives the Board the power to, among other things, advise the Minister on matters relating to incentives for industrial R&D. This power is in addition to those conferred by the Principal Act.

Clause 7 and 8 deal with membership and chairman of the Board. Effect is given to the recommendation of the Committee of Inquiry into Technological Changes in Australia (CITCA) that the Board be enlarged to comprise a part-time Chairman, a full-time executive member drawn from the office
within the Department that deals with matters arising from the Act and not less than six nor more than ten other members.

Clause 9 to 14 deal with matters relating to appointments to the Board. These provide for change to the Principal Act arising from re-constitution of the Board's membership and the establishment of the Technical Standing Committee or other committees of the Board. In particular, Clause 11 requires a member or acting member to declare any pecuniary interest he may have in a matter to be considered by the Board. This interest will be recorded in the Board's minutes. Unless the Minister or Board determines otherwise, that members or acting members will not be present or participate in the Board's proceedings with that matter. Also, Clause 11 provides that in certain circumstances the Minister may appoint a member other than the executive members, to act as Chairman of the Board for up to 12 months.

Clause 15 states that a Technical Standing Committee (TSC) will be established to give, to the minister, advice referred to it under the section. Also, the Board may ask the TSC for advice on technical or commercial matters regarding an application by a company under Part III of the Principal Act or regarding employee qualifications under section 7 of the Principal Act. Also, the Minister may establish other committees for advice by notice published in the Gazette.

Clause 16 and 17 deal with the Advisory Committee, which is to be re-constituted to give high-level advice to the Minister regarding public interest projects under section 39 of the Principal Act. The Minister cannot exercise his powers under the public interest provisions of the Principal Act until he has been advised by the Advisory Committee and has considered this advice. The Minister may direct the Advisory Committee on matters to be considered; such directions and/or their revocation are to be published in the Gazette. Members or acting members with pecuniary interest in a matter, to be considered by the Standing Committee, must so declare and this declaration is recorded in the Committee's minutes. Unless the Ministers for that committee deems otherwise, that members will neither be present nor participate in the committee's deliberations concerning that matter. The Board will provide information and assistance on request by the Chairman of the Advisory Committee.
Clause 18 amends the secrecy provisions of the Principal Act to take account of re-constitution of the Board and the Advisory Committee and the establishment of the Technical Standing Committee or other committees as required.

Clause 19 to 23 deal with commencement grants. Availability of commencement grants is extended to certain "construction operations" (as in clause 3(1) of the Bill). Commencement grants will not be given for ineligible (as in clause 3(1) of the Bill) software R&D. In the first year, the commencement grant to a company shall be 50 percent, after which the grant shall be a maximum of 50 percent and determined annually. The minimum amount for eligible contract expenditure incurred before an applicant becomes eligible for grant assistance is to be raised from $1500 to $2000. The grant ceiling for commencement grants is to be $40,000 per company per year. Grants will be restricted to five years for any one applicant and the five year grant limit will be $200,000 in the grant year commencing 1 July 1981.

Clause 24 states that, subject to the Act and Ministerial directions, the Board may make project grant agreements with companies if projects are commenced before 1 July 1986.

Clause 25 now limits grant payments to the financial year beginning on 1 July 1988 and raises the grant ceiling from $500,000 to $750,000 per company per year.

Clause 26 states that companies, having been assisted by grant payments, must use the benefits of their IR&D in normal commercial terms to benefit the Australian economy. Also, the Board can reduce the values of project grant assistance if other forms of financial assistance are also provided.

Clause 27 and 28 deal with applications and advances in respect of grants. Advances may be authorised by the Board subject to any direction of the Minister.

Clause 29 states that the Board must include details of public interest projects in its annual report. Details of relevant Gazette notice must also be given.

Clause 30 governs regulations to be made regarding agreements to be made between the Board and individual companies.

Clause 31 repeals Part V of the Principal Act as all action under these provisions has been completed.
Clause 32 repeals relevant legislations prior to the Industrial Research and Development Incentives Act 1976 as all action under this legislation has been completed.

For further information, if required, contact:

Science, Technology & Environment Group
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LEGISLATIVE RESEARCH SERVICE