PARLIAMENT OF AUSTRALIA
DEPARTMENT OF THE PARLIAMENTARY LIBRARY

BOUNTY (BOOKS) AMENDMENT BILL 1979

Date Introduced: 10 May 1979
House: House of Representatives

Short Digest of Bill

Purpose

To extend the bounty payable to local book manufacturers for a further period of 7 years from 1 January 1980, to phase down the rate of the bounty after 1 January 1983, and to introduce changes in the eligibility criteria.

Background

In 1969 the Book Bounty scheme was introduced and in April 1978 was extended until 31 December 1979. In 1976-77 there were 1930 premises registered for bounty purposes and 618 recipients of the bounty. From this it can be seen that the industry is highly fragmented. Book production in Australia employs about 1500 persons and in 1976-77 had a turnover of $28m.

The current bounty on books of 33 1/3% of the total cost of production provides the industry with a level of assistance equivalent to an import tariff of about 55% ad valorem and about 45% in effective rate terms. Books of educational or literary value are able to enter Australia duty free. Payments under the Book Bounty Scheme were $9.5m. in 1977-78 and an estimated $10.0m. in 1978-79.

The IAC Report, Products of the Printing Industry, no. 178, 31 July 1978 found that at the current bounty rate there is no evidence that local producers are suffering a decline in their market share. It was anticipated in that Report that if the IAC's recommended reductions in the bounty to 25% from 1 January 1980 until 31 December 1981, and 20% from 1 January 1982 to 31 December 1986 were to apply, there would be a tendency towards reduced activity but this would be offset by expansion of demand for printed products. This Bill reduces the bounty more gradually and to a final rate of 25 rather than 20%.

The IAC also considered that significant improvement in the international competitiveness of Australian book manufacturers is unlikely while the industry
remains so fragmented. Since the increase in the bounty to 33 1/3% in 1974, production has become progressively more fragmented. Evidence from the IAC suggests that at the original bounty rate of 25% some rationalisation was occurring.

The various eligibility criteria employed since 1969 have led to the payment of bounty for publications of a kind unlikely to be printed overseas. So as to avoid complex eligibility criteria the IAC recommended that bounty only be payable where the book is one of 1000 or more copies produced in the same production run. Of 700 imports examined by the IAC only 0.4% involved orders of less than 1000. This recommendation is contained in this Bill.

The further widening of the eligibility criteria in this Bill is based on a consideration of industry needs rather than compliance with post and telegraph regulations which were the basis on which eligibility was defined in the Principal Act.

The IAC also recommended that paper and binding materials purchased by publishers and supplied free of charge to printers be bountiable at a lower rate than that paid on books. Under the Principal Act these materials were bountiable at the same rate as books. The recommended rate was 25% from 1 January 1980 until 31 December 1981 and 20% for the period 1 January 1982 to 31 December 1986. Although this Bill introduces reductions in the bounty payable on these materials, they are more gradual than those recommended. Twenty-five per cent of the gross price paid by the publisher for paper is equivalent to 33 1/3% of the net cost of manufacture of books by printers. This is net of refunds of the bounty made by the printer to the publisher.

Main Provisions

An amended s.3A is inserted by clause 4 which lists those books in respect of which bounty is not to be paid. Included in this clause is the provision that bounty is only payable where the book is one of 1000 or more copies.

Clause 7 repeals section 6 of the Principal Act and substitutes the new rates of bounty payable. From 1 January 1980 to 31 December 1982 the rate is to be 33 1/3% of total manufacturing cost of the book; from 1 January 1983 to 31 December 1983, 30%; and from 1 January 1984 to 31 December 1986, 25%. Where paper or binding materials are supplied free of charge by the publisher to the manufacturer of a book, increased bounty is payable. The additional rate is 25% of the publisher's paper costs during the period 1
January 1980 and 31 December 1982. From 1 January 1983 to 31 December 1983 the rate will be 23% and from 1 January 1984 to 31 December 1986, 20%.

Clause 9 amends s.7 to provide that bounty is not payable on books produced in Australia if such a book would be prohibited from importation into Australia.

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