Date Introduced: 9 March 1978

House: House of Representatives

Presented by: Hon. W.C. Fife, M.P., Minister for Business and Consumer Affairs

**Short Digest of Bill**

**Purpose**

To provide short-term assistance by way of a bounty to Australian manufacturers of bench or pedestal drilling machines.

**Main Provisions**

A bounty is to be payable to the manufacturer on the production of bench or pedestal drilling machines sold for use in Australia that are belt-driven by a motor that forms part of the machine, have a drilling capacity of not more than 60mm., and are not power-fed (clauses 3, 6). The Australian content of materials and parts in the machine must be at least 55% of the factory cost (clause 6).

The rate of bounty is one-third of the factory cost of the machine. Where the Australian content of materials and parts is less than 85% of the factory cost, then, for purposes of calculating the bounty, the factory cost is reduced by 1% for each 1% by which the local content ratio is below 85% (clause 7).

The period for which the bounty will apply is from 1 January 1978 to 30 June 1979 or to such earlier date as is fixed by Proclamation (clauses 2, 3).

The Bill provides for administrative matters such as determination of factory cost by the Comptroller-General of Customs (clause 4); registration of premises (clause 6); approval of quality of machines by Comptroller-General (clause 8); provision of information by the manufacturer (clauses 11, 14, 15, 16); provision of security to the Minister by the manufacturer for compliance with the Act (clause 12); penalties for offences (clause 17); returns to Parliament by the Comptroller-General (clause 18); appeals (clause 20); appropriation of C.R.F. (clause 21); and making of regulations (clause 22).
Background

This Bill will implement the Government's intention, announced on 16 November 1977, to replace the present quota by a bounty for temporary assistance as from 1 January 1978. This was recommended by the Industries Assistance Commission in its interim report No. 146 on 30 September 1977, Bench or Pedestal Drilling Machines Belt-Driven Pulley Operated (Non-Power Fed).

Earlier, the Government had announced on 25 February 1977 the imposition of tariff quotas on drilling machines to implement a recommendation of the Temporary Assistance Authority in its report of 24 December 1976.

The quota limited imports in 1977 to 750 machines under normal duty rates with an additional (virtually prohibitive) duty of $200 for machines in excess of this level. Normal tariff duties are 26% General and 19% Preferential. Actual imports in 1976-77 had been 8700 units.

There are five local manufacturers of drilling machines, employing 50 persons. The proportion of the market held by local producers has declined markedly from 40% in 1972-73 to 10% in the last two years. Taiwanese imports accounted for nearly all the increase in imports. The price disadvantage (before duty) faced by local producers now ranges from 90% (for machines of the precise and durable type) to 400%.

The I.A.C. released a draft report on the question of longer term assistance to the metal working machine tools industry, including drilling machines, on 7 October 1977. The final report was signed on 12 December 1977 but is still under examination within the Government. The draft report recommended that customs duties on machine tools (tariff item 84.45) be removed, and that the present bounty on some machine tools (e.g. power-fed) be extended to all, including drilling machines. The present bounty under the Metal Working Machine Tool Bounty Act 1972 is at the same rate as specified in this Bill. An additional bounty of 25% of design cost was recommended. These recommendations would involve a decrease in effective rates of assistance for previously bountiable production and an increase for other production, resulting in a more uniform rate of assistance (40-45%).

The cost of the bounty for drilling machines would have been about $125,000 based on 1976-77 production levels but production may be higher with the bounty.