EXPORT EXPANSION GRANTS BILL 1978

Date Introduced: 6 June 1978
House: House of Representatives
Presented by: Rt. Hon. J.D. Anthony, M.P.,
Minister for Trade and Resources

Short Digest of Bill

Purpose

To establish a new export incentives scheme based on increased export performance.

Background

The export incentives scheme was first announced in a statement to the House by the Minister on 13 April 1978. The scheme will complement an existing scheme established under the Export Market Development Grants Act 1974 (soon to be amended) which provides grants based on the amount spent on market development overseas. Export incentives were the subject of the I.A.C. report 'Export Incentives', 23 December 1977. Appendix D(l) discusses possible export growth schemes. The Minister's Second Reading Speech explained that this measure is part of the Government's long term policy of providing encouragement for the development of export oriented industries. The new scheme is to be administered by the Export Development Grants Board established by the Export Market Development Grants Act 1974.

The Bill provides a financial incentive by way of taxable cash grants to encourage exporters to improve their export performance and more actively pursue export opportunities. A similar cash grant scheme, called the Export Incentive Grants scheme, operated from 1971 until July 1974. It replaced the earlier Payroll Tax Rebate scheme which had operated from 1961 until 1971 when responsibility for payroll tax was transferred from the Commonwealth to the States, and the Commonwealth was no longer able to base incentives on a rebate of the exporter's payroll tax. The Export Incentive Grants scheme embodied all the provisions of the Payroll Tax Rebate scheme except that a cash grant was paid in lieu of a rebate of payroll tax. The scheme was replaced by the Export Market Development Grants scheme which is to run from July 1974 to June 1979.

The cost of the new scheme is estimated to be about $66m. in the first year of its operation. Grants under the scheme will be payable for the years 1977-78 to 1981-82. The Minister said the
scheme would be reviewed before 30 June 1982. Annual reports on the operation of the scheme must be tabled in Parliament.

Main Provisions

Grants will be based on the increase in exports in the grant year over the average annual exports in the three immediately preceding years with special provisions for those who did not have exports in these three years (clause 6). The Export Development Grants Board will determine the amount of grants payable to claimants (clause 11). A claimant dissatisfied with a decision of the Board may apply to the Board for reconsideration and then to the Administrative Appeals Tribunal for review of decisions of the Board (clause 17).

The amount of the grant will be the sum of the following components: for increases up to $0.5m. the grant rate will be 15 cents per dollar; for increments from $0.5m. to $5m. the grant rate will be 10 cents in the dollar; for increments from $5m. to $10m. the grant rate will be 5 cents in the dollar and for increments in exports above $10m. the grant rate will be 2.5 cents in the dollar (clause 13).

Goods eligible for the grants are those that have been manufactured, produced, assembled or processed in Australia with at least 50 per cent Australian content (para. 4(1)(a)) unless the Board is satisfied that the goods should be treated as substantially of Australian origin (para. 4(1)(b)) or the Governor-General makes a regulation declaring goods of a specified kind exported to a specified country or exported in particular circumstances, or both, to be ineligible goods (sub-clause 22(3)). Other exclusions are minerals, waste and scrap materials, and some bulk or processed farm and agricultural products (clause 3 and sub-clause 4(2)).

As well as exports of manufactured goods, and farm and agricultural products not excluded by clause 3 and sub-clause 4(2), the scheme will cover some services provided overseas (para. 5(1)(c)), value added industrial services provided in Australia and performed on imported goods subsequently exported (para. 5(1)(e)), and the sale of industrial property rights and knowhow of substantially Australian origin (para. 5(1)(d)).