14 September 1978
House of Representatives
Hon. W.C. Fife, M.P., Minister for Business and Consumer Affairs

To provide assistance, by way of a revised bounty scheme, to the metal-working machine tools industry in Australia.

This Bill will implement the Government's decision, announced by the Ministers for Business and Consumer Affairs, and Industry and Commerce on 24 May 1978, to continue assistance to the industry. This was recommended by the Industries Assistance Commission in its report of 23 December 1977 on Metal Working Machine Tools. The Government's objective is to maintain at least the nucleus of a machine tools industry for its defence significance and its significance to industry generally.

In the past, assistance to the industry has been in the form of bounties, tariffs and tariff quotas. Bounty payments have been made under the Metal Working Machine Tools Bounty Act 1972 and, more recently, the Bounty (Drilling Machines) Act 1978. Payments under these Acts will be terminated from 25 May 1978, the date of commencement of the Bill, by the Metal Working Machine Tools Bounty Amendment Bill 1978 and the Bounty (Drilling Machines) Amendment Bill 1978, the three Bills having been introduced at the same time. Tariff quotas have not applied since 31 December 1977 and the Government intends to remove the customs duties on all tools covered by the new bounty arrangements (tariff item 84.45) as recommended by the I.A.C. Customs duties range from 26% General, 19% Preferential to 6% General, free Preferential.

The new bounty arrangements differ from the present scheme in three main ways. Firstly, the present bounty on some machine tools (e.g. power-fed) and drilling machines is extended to all non-portable power operated metal-working machine tools of the metal removing, forming and shearing type. The new bounty will be paid at the rate of one-third
of the Australian content portion of the factory cost. This is similar to the present scheme except that under the present scheme, where the Australian content is 85% or more of the total factory cost, the bounty is paid on the total factory cost. An additional bounty of one-quarter of the Australian design costs will also be paid.

The changes to the customs duties and the bounty arrangements will result in a decrease in effective rates of assistance for previously bountiable production and an increase for other production, resulting in a more uniform effective rate of assistance, around 40-45%.

Bounty payments during the first year of the new assistance arrangements are expected to be of the order of $8.0m compared with actual payments of $2.4m in 1976-77 under the old scheme.

Main Provisions

A bounty is to be payable to the manufacturer on production of machine tools sold for use in Australia (clause 6). The Australian content of material and parts in the machine must be not less than 55% (clause 6). The rate of bounty is one-third of the bountiable portion of the factory cost of the machine and one-quarter of the Australian design cost of the machine (clause 7). The bountiable portion of the factory cost is that portion of the factory cost that is attributable to materials and parts manufactured, and work performed, in Australia (clause 4).

The scheme will operate from 25 May 1978 to 30 June 1984 or such later date as is fixed by proclamation (clauses 2, 3).

The Bill provides for administrative matters such as determination of factory cost, the bountiable portion of the factory cost and Australian design cost by the Comptroller-General of Customs (clause 4); advance on account of bounty (clause 10); registration of premises (clause 11); maintenance by the manufacturer of proper commercial records (clause 12); provision of security by the manufacturer (clause 13); appointment and powers of authorized persons (clauses 14, 15); provision of information by the manufacturer (clause 16); offences and penalties (clause 18); returns to Parliament by the Comptroller-General (clause 19); and appeals (clause 21).