Date Introduced: 15 November 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 give assistance by way of a bounty for the assembly in Australia of general purpose commercial motor vehicles, including buses having a gross vehicle mass of 2.72 tonnes or more.

Background

This Bill will partially implement the policy announced by the Minister for Industry and Commerce on 10 August 1978, to revise assistance arrangements in the heavy vehicle assembly industry. Prior to 17 August 1978 assistance to the industry was given by way of a 25 per cent duty on all unassembled general purpose vehicles and buses, assembled general purpose vehicles and buses having a g.v.m. from 2.72 tonnes to less than 10.16 tonnes and most components under reference. A duty of 22.5 per cent applied to the heaviest assembled general purpose vehicles and buses having a g.v.m. of 10.16 tonnes or more. General purpose vehicles and bus components were admissable under by-law in accordance with the By-Law Equity Scheme.

Besides the bounty, other elements of the assistance package brought into effect on 17 August 1978 include the setting of a 22.5 per cent rate of customs duty on imported completely built-up vehicles over 2.72 tonnes g.v.m., and the admission duty free under by-law of imported original equipment components and assemblies which do not form part of unassembled vehicles at the time of importation into Australia.

The total assistance package announced was similar to one of the alternatives recommended by the Industries Assistance Commission in its report No. 169 of 15 May 1977, 'Light Commercial and Four-Wheel Drive Vehicles and Heavier Commercial Vehicles and Components'. The main difference is that, whereas the Commission recommended that the bounty should apply to all local components the Government decided to restrict it to certain specified local components, so as to minimise expenditure commitments.
It was estimated by the Commission that the total cost to revenue of their first alternative would be approximately $46 million, comprising $18 million for the bounty on all components and $28 million for the duty forgone.

The other assistance proposal recommended by the Commission comprised the imposition of an import duty and a bounty.

The Government has not disclosed why they rejected the alternative proposal but the Commission had stated in its report that it would not be confident that the Government's objective of encouraging assembly and restoring employment growth in the industry could be achieved by adoption of that alternative.

As a result of the new bounty, at least one company (Ford) has reduced the prices of its commercial vehicles.

Main Provisions

The Bill provides for the payment of bounty at the rate of 20 per cent on the in-store cost to local vehicle assemblers of certain prescribed components, having an Australian content of not less than 65 per cent, used as original equipment in the assembly of general purpose commercial vehicles (clauses 7 and 8).

The bounty will apply to vehicles assembled between 17 August 1978 and 31 December 1984 (clause 3 and sub-clause 7(3), para. (a)).

No bounty assistance is to be paid for components produced by vehicle assemblers or firms associated in business with the vehicle assemblers (sub-clause 8(2), para. (a)).

The Bill contains a number of provisions of a standard nature for bounty bills, such as defining a prescribed component (clause 4); the formula to be used to determine the Australian percentage of a prescribed component (clause 5); the bounty to be uniform throughout the Commonwealth (clause 6); the required rate of Australian content of the prescribed components (sub-clause 8(2), para. (b)), the method of determination of the in-store value of a prescribed component (sub-clause 8(3)) and a requirement that the bountiable vehicle be of good and merchantable quality (clause 9).