THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

Automotive Transformation Scheme Amendment Bill 2014

EXPLANATORY MEMORANDUM

(Circulated by authority of the Hon Ian Macfarlane MP, Minister for Industry)
AUTOMOTIVE TRANSFORMATION SCHEME AMENDMENT BILL 2014

OUTLINE

The Automotive Transformation Scheme Amendment Bill 2014 (the Bill) will amend the Automotive Transformation Scheme Act 2009 (the Act).

The Automotive Transformation Scheme (ATS) is a legislated entitlement scheme that provides assistance to registered participants for the production of motor vehicles and engines, and for investment in allowable research and development, and allowable plant and equipment. The ATS provides two types of assistance: capped assistance, provided via a special appropriation; and uncapped assistance, provided via annual appropriation.

This Bill gives effect to the Australian Government’s decisions to:

- implement the $500 million savings from the ATS capped assistance over the financial years 2014-15 to 2017-18 as set out in the 2013-14 Mid-Year Economic and Fiscal Outlook (MYEFO); and
- terminate the ATS on 1 January 2018 as stated in the 2014-15 Budget Papers.

As the ATS provides assistance payments on a quarterly basis in arrears, a payment of assistance for an allowable investment undertaken in the final quarter of 2017 will not be made until March 2018. Including the first three months of calendar year 2018 in stage 2 will allow payments to be made for allowable investment or production undertaken in the December quarter of 2017.

FINANCIAL IMPACT STATEMENT

Section 8 of the Automotive Transformation Scheme Act 2009 sets out the upper limits for the total amount of capped assistance for stage 1 and stage 2.

This Bill reduces the total amount of capped assistance by $200 million to $1.3 billion for stage 1 and by $700 million to $300 million for stage 2.

Savings from the ATS on a financial year basis are set out in the table below, which reflect the MYEFO and Budget decisions.

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<th>2014-15 $m</th>
<th>2015-16 $m</th>
<th>2016-17 $m</th>
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STATEMENT OF COMPATIBILITY WITH HUMAN RIGHTS

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

The Bill is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the Human Rights (Parliamentary Scrutiny) Act 2011.

Overview of the Bill
The purpose of the Bill is to amend the Act to give effect to the Australian Government’s saving measures in respect of the ATS as set out in the 2013-14 MYEFO and the 2014-15 Budget Papers.

Human rights implications
There are no human rights implications of the Bill. The administration of the ATS does not engage any of the applicable human rights and freedoms. The Bill will not affect any of the applicable human rights and freedoms.

Conclusion
The Bill is compatible with human rights as it does not raise any human rights issues.
NOTES ON CLAUSES

This Explanatory Memorandum uses the following abbreviation:

- 'ATS' means the Automotive Transformation Scheme.

Part 1—Preliminary

Clause 1 – Short title

1. This clause provides for the Bill, once enacted, to be cited as the Automotive Transformation Scheme Amendment Act 2014 (the Act).

Clause 2 – Commencement

2. This clause provides that the Act commences on the day the Act receives Royal Assent.

Clause 3 – Schedules

3. This clause states that legislation that is specified in a Schedule to the Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to the Act has effect according to its terms.
SCHEDULE 1—AMENDMENTS
Automotive Transformation Scheme Act 2009

Item 1 – Section 4 (paragraph (a) of the definition of stage 2)

Item 1 amends the definition of the period for stage 2 set out in section 4 and makes it clear that the period ends on 31 December 2017.

Item 2 – Section 4 (paragraph (b) of the definition of stage 2)

Item 2 amends the definition of stage 2 set out in section 4 and provides that the first three months of calendar year 2018 be treated as part of the stage, enabling the payment of assistance to be made for allowable investment or production undertaken in the final quarter of calendar year 2017.

Item 3 – Paragraph 8(1)(a)

Item 3 amends paragraph 8(1)(a) to make it clear that the total amount of capped assistance for stage 1 must not exceed $1.3 billion.

Item 4 – Paragraph 8(1)(b)

Item 4 amends paragraph 8(1)(b) to make it clear that the total amount of capped assistance for stage 2 must not exceed $300 million.