

1993

THE PARLIAMENT OF THE COMMONWEALTH
OF AUSTRALIA

THE HOUSE OF REPRESENTATIVES

(As amended in the Senate)

DEVELOPMENT ALLOWANCE AUTHORITY
AMENDMENT BILL 1993

EXPLANATORY MEMORANDUM

(Circulated by authority of the Treasurer, the Hon John Dawkins, MP)

DEVELOPMENT ALLOWANCE AUTHORITY AMENDMENT BILL 1993**OUTLINE**

The Bill amends the *Development Allowance Authority Act 1992* (the Principal Act).

The purpose of the Bill is to amend the Principal Act to extend the development allowance to projects in the motor vehicle industry and the printing production aspect of projects in the print media.

These amendments re-open the application period for projects in the motor vehicle industry and the print media that were previously excluded from the development allowance because they failed the basic eligibility test in the Principal Act.

Thus the amendments allow proponents to apply for the development allowance for projects in the motor vehicle industry and the printing production aspect of projects in the print media.

The Principal Act specifies that eligible projects must meet competitiveness tests in relation to work practices and input pricing, but these tests are waived where the project sponsor is able to show that, prior to 1 January 1993, there was substantial commitment to completion of the project. These amendments would provide that, irrespective of whether there was substantial commitment to completion before 1 January 1993, to be eligible for the development allowance projects in the motor vehicle industry and the printing production aspect of projects in the print media would have to meet the competitiveness tests.

All other criteria in the Principal Act would need to be met by projects in the motor vehicle industry and the printing production aspect of projects in the print media industry, in order to be eligible for the development allowance.

FINANCIAL IMPLICATIONS

Except for the effect of Section 6, the cost of extending the development allowance to include projects in the motor vehicle industry is estimated to be approximately \$9 million in 1994-95, \$10 million in 1995-96 and \$9 million in 1996-97. The cost of extending the development allowance to include the printing production aspect of projects in the print media is estimated to be approximately \$1 million in 1995-96 and \$5 million in 1996-97.

The cost of the effect of Section 6 to include projects in the motor vehicle industry that do not meet the \$50 million threshold is not possible to estimate with any certainty. It is expected to be in the vicinity of approximately \$15 million to \$20 million over the period until the end of 1996-97.

NOTES ON CLAUSES

PART 1 - PRELIMINARY

This part sets out the preliminary framework for the operation of the Bill.

Clause 1 - Short Title

The short title of this Act is specified and the Principal Act which is the subject of the amendment is also specified.

Clause 2 - Commencement

This clause provides that the Act is to commence on the day on which this Act receives the Royal Assent.

Clause 3 - Simplified outline of scheme of Act

This clause amends Section 4 of the Principal Act to allow applications covered by these amendments to be made after 1 January 1993.

Clause 4 - Interpretation

This clause amends Section 6 of the Principal Act in order to define projects now eligible for the development allowance. In particular:

- a definition of a print media installation is inserted.
- a definition of an eligible print media installation is inserted.
- a definition of an ineligible print media installation is inserted.
- a definition of an ancillary printing unit is inserted.
- a definition of a vehicle is inserted.
- a definition of a motor vehicle is inserted.
- a definition of a motor vehicle component is inserted.
- a definition of the motor vehicle industry is inserted.
- a definition of a motor vehicle industry activity is inserted.

Clause 5 - Basic eligibility test for project expenditure

This clause amends Section 15 of the Principal Act so projects in the motor vehicle industry and the printing production aspects of projects in the print media do not fail the basic eligibility test for project expenditure.

Clause 6

This clause amends Section 15 of the Principal Act so projects in the motor vehicle industry and the printing production aspects of projects in the print media are not subject to the \$50 million threshold test that, in part, determines the basic eligibility for project expenditure.

Clause 7 - Timing of application

This clause amends Section 27 of the Principal Act to re-open the application period for projects in the motor vehicle industry and the printing production aspects of projects in the print media until either 30 September 1993 or until 28 days after this Act receives the Royal Assent, whichever is the later.

Clause 8 - Criteria for granting application

This clause amends Section 40 of the Principal Act to specify that in order to be eligible for the development allowance, projects in the motor vehicle industry and the printing production aspects of projects in the print media must meet the competitiveness tests in relation to work practices and input pricing, irrespective of whether there was substantial commitment to completion before 1 January 1993.