

1980-81

PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

BOUNTY (TEXTILE YARNS) BILL 1981

EXPLANATORY MEMORANDUM

(Circulated by the Authority of the  
Minister for Business and Consumer Affairs,  
the Honourable John Moore, M.P.)

## BOUNTY (TEXTILE YARNS) BILL 1981

### PURPOSE OF THE BILL

The purpose of this Bill is to provide assistance by way of a bounty scheme to producers of certain yarns in Australia.

Under current assistance arrangements the local spinning industry is assisted by tariffs ranging from 13 to 28 per cent and in many cases by tariff quotas on imported yarns.

As part of its proposed program of assistance for the Textiles Clothing and Footwear industries the Government has decided that, as from 1 January 1982 most imported yarns will be quota free and dutiable at minimum rates.

From that date the principal means of assistance to yarn producers will be by the payment of bounties on the production of the yarns in Australia.

The bill reflects acceptance by the Government of the recommendation by the Industries Assistance Commission (contained in its report on "Textiles, Clothing and Footwear" No. 240 of 29 April 1980) that assistance to yarn production in Australia should be accorded by way of a bounty scheme.

The bounty scheme will commence on 1 January 1982 and end on 31 December 1988, or on such later date as is fixed by the Minister and published in the Gazette.

The yarns eligible for bounty are specified in Clause 2 of the Bill and the bounty rates proposed for each type of yarn calculated as a percentage of the value added on a factory cost basis are specified in Clause 6 of the Bill.

Wool carpet yarns, handcrafting yarns and sewing threads will not be eligible for bounty.

Bounty will be payable to eligible producers if:

- (i) all processes in the production of the yarn are carried out at registered premises in Australia during the bounty period;
- (ii) the production of the yarn has been completed during the bounty period; and
- (iii) the yarn has been used, or sold or otherwise disposed of for use, in the manufacture of prescribed textiles in a registered textile factory.

In addition to the provisions peculiar to the bounty on eligible yarns, the Bill contains provisions standard to Bounty Acts providing control and inspection powers for the protection of the revenue and a right to apply to the Administrative Appeals Tribunal for review of certain administrative decisions under the Act.

Clause 1      Short Title

Clause 2      Defines a number of words and expressions for the purposes of the legislation and in particular defines:

- "bountiable yarn" to mean -

- (a) continuous polyamide and polyester yarn;
- (b) discontinuous coarse acrylic yarn;
- (c) discontinuous fine acrylic yarn;
- (d) worsted wool yarn;
- (e) man-made fibre and wool blend yarn;
- (f) polyester-cotton yarn;
- (g) cotton yarn;
- (h) discontinuous man-made fibre yarn not specified in a preceding paragraph;
- (j) continuous man-made fibre yarn not specified in a preceding paragraph; or
- (k) any spun yarn consisting of, or containing, textile fibres, being a yarn not specified in a preceding paragraph,

but not to include -

- (m) non-textile yarn;
  - (n) rubberized yarn; or
  - (o) yarn containing any metal or metal powder;
- "bounty period" to mean the period commencing on 1 January 1982 and ending on 31 December 1988 or on such later date as is fixed by the Minister, by notice published in the Gazette before 31 December 1988, as the date after which bounty is not to become payable under the Act;
- "prescribed textiles" to mean -
- (a) yarns or other textiles; or
  - (b) any products made in whole or in part from yarn or other textiles,

but does not include -

- (c) bountiable yarn for use in sewing or handcrafting;
- (d) bountiable yarn for use in the production of other textiles on a machine referred to in paragraph (e); or
- (e) textiles produced on knitting or weaving machines worked by foot or by hand, or by both foot and hand;

- "registered textile factory" to mean -

- (a) a building or other place -
  - (i) used for the commercial production of prescribed textiles; and
  - (ii) registered as a factory under a law of a State or an internal Territory;
- (b) a building or other place in an internal Territory -
  - (i) used for the commercial production of prescribed textiles; and
  - (ii) approved by the Comptroller-General for the purposes of the legislation; or
- (c) a building or other place used by the Commonwealth, a State or the Northern Territory or an authority of the Commonwealth, a State or the Northern Territory for the production of prescribed textiles.

Sub-clause (3) lists the processes which will be treated for the purposes of the Act as the processes involved in the production of yarn;

Sub-clause (4) makes it clear that if one type of bountiable yarn is used in the production of another type of bountiable yarn the processes in the production of the first bountiable yarn are not to be included in the processes of the second bountiable yarn. This provision has been included to prevent higher rates of bounty being paid on yarn that would otherwise attract bounty at a lower rate. Sub-clause 6(5) deals with the situation where the same producer produces both bountiable yarns.

Sub-clause (5) provides that bounty is not to be payable on yarn that has been sold or otherwise disposed of for use in sewing or handcrafting; and

Sub-clauses (6) and (7) define the term "business associate" for the purposes of the Act.

Clause 3 Provides that the additional value added to bountiable yarn by a producer of the yarn (for the purposes of the calculation of the bounty payable under Clause 6 of the Bill) is to be an amount determined by the Comptroller-General. Sub-clause (2) sets out the criteria under which such additional value is to be determined.

Clause 4 Prohibits the exercise of any power under the Act in a manner which would result in bounty not being uniform throughout the Commonwealth.

Clause 5 Provides for bounty to be payable to each producer of the bountiable yarn on the production by him in Australia of the yarn if -

- (i) all processes in the production of the yarn are carried out at registered premises during the bounty period;
- (ii) the production of the yarn is completed during the bounty period; and
- (iii) the yarn has been used during the bounty period, or sold or otherwise disposed of during the bounty period, for use, in the production of prescribed textiles in a registered textile factory.

Sub-clauses (2) and (3) specify the conditions under which the production of bountiable yarn is to be taken to have been carried out in Australia; and

Sub-clauses (8) and (9) provide for bounty to be payable on bountiable yarn that has been partially completed on 1 January 1982 or any bountiable yarn that was completed after 1 October 1981 but still in stock on 1 January 1982. These provisions will ensure that producers of bountiable yarns in Australia are not disadvantaged when duty free entry is accorded to such yarns from 1 January 1982.

Clause 6 Specifies the rates of bounty which are payable under the Act in respect of bountiable yarns. Such rates are specified percentages of the value added to the yarns by the producer. Sub-clause (5) makes it clear that if a producer uses bountiable yarn produced by him in the production of another bountiable yarn the bounty payable will be at the rate applicable to the type of yarn finally produced.

- Clause 7 Provides that bounty is not payable in respect of bountiable yarns produced by the Commonwealth, a State (which includes the Northern Territory) or an authority of the Commonwealth or a State. This is for the reason that the bounty is designed to assist non-government enterprises to compete more effectively against import competition.
- Clause 8 Provides for advances on account of bounty to be made to a person on such terms and conditions as are approved by the Minister and further provides that any excess amounts of bounty paid are to be repaid to the Commonwealth by the person (such excess to be recoverable by the Commonwealth by action in a court of competent jurisdiction) or deducted from any other amount that is payable to the person.
- Clause 9 Provides that bounty is not payable unless the bountiable yarn is of good and merchantable quality.
- Clause 10 Imposes a duty on the Minister to pay bounty if he is satisfied that bounty is payable, and, if he is not so satisfied, he is to refuse to approve payment.
- Clause 11 Contains provisions generally standard to Bounty Acts for registration of premises subject to conditions or requirements to be observed or complied with before and after registration and further provides for the Minister to be able to cancel registration on any of the grounds in sub-clause (6).
- Clause 12 Provides that eligibility for bounty is conditional upon the maintenance of appropriate commercial records by the producer.
- Clause 13 Confers upon the Minister power to require a producer to give security for compliance with the Act and regulations. Payment of bounty may be withheld until the required security is given.
- Clause 14 Empowers the Minister to appoint authorized officers, upon whom certain administrative functions are to be conferred.
- Clause 15 Empowers an authorized officer to enter premises, inspect or take stock of bountiable yarn, inspect the production process, inspect and take copies of accounts, books, documents and other records involving such yarn. Sub-clause (2) creates an offence for failure to provide reasonable facilities and assistance for the effective exercise of an authorized officer's powers.

- Clause 16 Empowers certain senior officers of Customs, or an authorized officer, to require certain persons to attend before them to answer questions and produce documents in relation to bountiable yarn and provides for withholding of bounty payments until the requirements of this clause are met. Sub-clause (2) limits the use to which self-incriminating answers given or documents produced may be put.
- Clause 17 Provides power for certain senior officers of Customs, or an authorized officer, to examine, on oath or affirmation persons attending before them.
- Clause 18 Creates offences for -
- (i) refusing or failing to attend, to be sworn or make an affirmation, to answer questions or produce records when so required under the Act; and
  - (ii) obtaining or attempting to obtain bounty that is not payable or the making of false or misleading statements.
- Clause 19 Provides for the furnishing to the Minister, and tabling in Parliament by, the Minister, of returns in relation to the bounty.
- Clause 20 Provides powers of delegation.
- Clause 21 Provides a right to apply to the Administrative Appeals Tribunal for review of specified administrative decisions affecting the rights or entitlements of persons under the Act.
- Clause 22 Is a standard appropriation provision.
- Clause 23 Is a general regulation making power.

