

1983

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

INDUSTRIAL RESEARCH AND DEVELOPMENT INCENTIVES

AMENDMENT ACT 1983

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Science and  
Technology, the Hon. Barry O Jones, MP)

## OUTLINE

### INDUSTRIAL RESEARCH AND DEVELOPMENT INCENTIVES AMENDMENT BILL 1983

1        The Industrial Research and Development Incentives Amendment Bill 1983 (the Bill) will amend the Industrial Research and Development Incentives Act 1976. The Industrial Research and Development Incentives Scheme (the Scheme) was introduced in 1976 in order to stimulate industrial research and development and so to increase the competitiveness of Australian industry in world markets.

2        The Scheme comprises three elements:

- a        commencement grants which encourage companies to develop an industrial research and development capability;
- b        project grants which support the development of specific new products or processes; and

- c public interest project contracts which allow for active Commonwealth involvement in industrial research and development projects deemed to be in the public interest.

3       The remainder of this explanatory memorandum deals sequentially with each clause of the Bill.

C1 1 : Short Title

4           When enacted, the Bill will be cited as the Industrial Research and Development Incentives Amendment Act 1983.

5           The Industrial Research and Development Incentives Act 1976 will be referred to in the Bill as the Principal Act.

C1 2 : Commencement

6           This Bill will come into operation on a date to be fixed by Proclamation.

C1 3 : Interpretation

7           This provision:

- i   amends the definition of "eligible expenditure" and "eligible software research and development" in sub-section 4(1) of the Principal Act,
- ii  removes the definition of "ineligible software research and development" from sub-section 4(1), and

- iii adds a definition of "software research and development" to sub-section 4(1).

The purpose of this provision is to clarify the limitations of support to software projects by commencement grants, while allowing greater flexibility in support by project grants.

Cl 4 : Approval of research organisations, & c.

8 Paragraph 6(1)(a) of the Principal Act empowers the Industrial Research and Development Incentives Board (the Board) to declare a specified research organisation to be an approved research organisation for the purposes of the Act. This provision will enable the Board to specify a field of expertise or an activity in respect of which a specified research organisation is an approved research organisation, when making such a declaration.

9 The purpose of this provision is to ensure that grants are not made under the scheme in relation to research and development carried out in a field in which the research organisation is not suitably qualified.

## C1 5 : Approved employees

10 Sub-section 7(1) of the Principal Act provides that a recommendation may be made to the Board that an employee may be approved by the Board for the purposes of the definition of "professional or technical research and development work", and that the Board then may approve such an employee. This provision will enable such a recommendation to include a recommendation that an employee be approved only in respect of a specified field of expertise or a specified activity, and if the Board then gives its approval, the employee is deemed not to be an approved employee in respect of work performed in any other field of expertise or activity.

11 The purpose of this provision is to ensure that grants are not made under the scheme in relation to research and development carried out in a field in which the employee is not suitably qualified.

C1 6 : Functions and powers of Board

12        This provision empowers the Board to provide technical advice concerning industrial research and development by an applicant for a grant, to companies or persons expressing an interest in entering into financial transactions with that applicant, if so requested and if the applicant has agreed.

C1 7 : Commencement grants

13        Sub-section 23(4) of the Principal Act will be deleted, as a consequence of the amendments to sub-section 4(1) (See paragraph 7 above).

C1 8 : Agreements with respect to projects

14        Section 30 of the Principal Act will be amended so that it is clear that companies which carry out an industrial research and development project on behalf of separate corporate clients will be eligible for project grants.

C1 9 : Total amount allocated for expenditure under this Division in respect of a year

15        Section 31 of the Principal Act will be repealed and a new section will be inserted which enables a limit to be set to an amount specified in the Budget context for the total additional commitment into which the Board may enter in that grant year.

C1 10 : Results of projects to be exploited

16        This provision amends section 32A of the Principal Act so that before entering into an agreement with a company in relation to a grant for industrial research and development, the Board will be required to be satisfied that the results of the industrial research and development will be exploited on normal commercial terms and for the benefit of the Australian economy. This provision amends the requirement under the Principal Act in a minor way, as a consequence of clause 8 of the Bill.



C1 11 : Applications

17 Section 34 of the Principal Act presently requires that claims for commencement grants against expenditure incurred in any grant year be received by a member of the staff assisting the Board or by a person appointed by the Board to receive applications on or before September 30 next after the end of that grant year. Because of delays prevailing in the Canberra postal system and possible effects on claims for grants, this provision enables the date of receipt for claims to be altered by means of regulations.

C1 12 : Statements to accompany notification of decisions

18 This provision requires that where notice of a decision of the Board is given to a company, the notice must include a statement that:

- a the company may ask the Board to reconsider its decision; and
- b the company may, following that reconsideration by the Board, make application to the Administrative Appeals Tribunal for a review of the decision.

C1 13 : Formal Amendments

19       The citations for acts referred to in the Principal Act will be amended to bring them into line with current practice.



