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AUTOMATIC DATA PROCESSING EQUIPMENT BOUNTY BILL 1977

Date Introduced: 31 March 1977  
House: House of Representatives  
Presented by: The Honourable J. Howard,  
Minister for Business and Consumer Affairs

Short Digest of Bill

Purpose

The purpose of the Bill is to increase the assistance afforded certain sections of the Automatic Data Processing (ADP) equipment industry in Australia by means of a bounty.

Provisions

For explanation of individual clauses of the Bill, the reader is referred to the “notes on clauses” provided by the Minister.

Background

— A.D.P. Industry

The Australian ADP equipment industry was established in 1968, and in 1975 employed some 400 persons of which approximately 40% were engaged in the production of cathode ray display terminals (CRT's).

In 1974–75 sales were approximately \$10 million compared with imports of \$153 million. Details of profitability are scanty but the industry is marginal: some manufacturers have recorded losses since establishment and where profits were made they were mostly small and irregular.

Prior to November 1976, the industry received limited tariff protection, the broad details of which are as follows:—

Cathode Ray Display Terminals	24%
Disc Packs, Disc Cartridges	35%
Most other ADP equipment	6% – 7%

It should be noted that disc packs and cartridges are not manufactured in Australia.

— I.A.C. Recommendation

In their report No. 96 “A.D.P. Equipment and Parts” of 18 August 1976, the IAC recommended a tariff rate of 6% general coupled with a bounty representing a

*Automatic Data Processing Equipment Bounty Bill 1977 (Bills Digest 14, 1977)*

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“moderate and reducing level of assistance which should give local manufacturers an opportunity to identify and establish low cost production possibilities”, without penalising A.D.P. equipment users with the cost increases which would be associated with tariff protection of a similar level.

### The Proposed Bounty

The proposed legislation implements the bulk of the IAC’s recommendations, the main exception being CRT’s where the existing level and method of assistance is left unchanged.

The bounty for other specified ADP equipment is payable on the basis of the “additional value” created by the manufacturer which is defined in clause 5, roughly as factory cost (including an allowance for research and development, and factory overhead charges, but not general administration, sales costs, taxation etc.), less cost of materials and parts.

The rate of bounty payable to registered manufacturers of good quality ADP equipment is to be

- (a) first 3 years (29 March 1977 to 28 March 1980)
  - 20% of additional value
- (b) 4th and 5th years (29 March 1980 to 28 March 1982)
  - 15% of additional value
- (c) 6th and 7th years (29 March 1982 to 28 March 1984)
  - 7.5% of additional value (clause 8).

### Related Legislation

In line with the IAC’s report, from November 1976 the tariff on disc packs and cartridges was reduced from 35% to 6% under Customs Tariff Proposal No. 25 and subsequently temporarily validated by the Customs Tariff Validation Act (No. 2) 1976 until 30 June 1977.

### Review

The Minister said that the Government intends to review the industry’s assistance in 5 years, rather than in 7 years as recommended by the I.A.C.

14 April 1977

Finance, Industries, Trade and Development Group  
LEGISLATIVE RESEARCH SERVICE

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