

SERVICES EXPORT DEVELOPMENT GRANTS BILL

EXPLANATORY NOTE

THE purpose of this Bill is to give effect to the announcement in the Budget that grants will be made to provide an incentive for the export of technology and skills.

Clause 1 relates to the Short Title.

Clause 2 is the interpretation clause.

The most important definition is that of the expression "eligible expenses" which links the expenses in respect of which advances may be made under the Bill with the expenses in respect of which an additional deduction may be allowed under sections 129A (Export-market development expenditure) and 129AA (Time spent by self-employed taxpayer in export-market development activities) of the Land and Income Tax Act 1954.

Clause 3 provides that it is a function of the Minister of Overseas Trade to do such things as appear to him to be necessary to encourage exporters of professional and technical services from New Zealand to participate in the opportunities provided by overseas projects. In particular he may authorise the payment of advances of up to 50 percent of the eligible expenses (as defined) out of money appropriated by Parliament for the purpose, to persons or corporations established and operating in New Zealand that are seeking prospects for the supply of professional and technical services for overseas projects. Repayment of any such advance is not required to the extent that the person or corporation does not succeed in supplying those services.

In the exercise of these functions the Minister is to have regard to the purposes of the development of overseas markets for New Zealand services and manufactured goods, the development of resources of technical skill and knowledge in New Zealand, the advancement of technological development and proficiency in New Zealand, and the retention and utilisation of highly skilled and technical manpower in New Zealand.

Clause 4 establishes the Services Export Development Grants Advisory Committee.

Clause 5 provides that the Committee is to consist of 4 members, being an independent Chairman, the Secretary of Trade and Industry, the Secretary to the Treasury and the Secretary of Foreign Affairs.

Clause 6: The Chairman's term of office is to be for a term of 3 years, but he may be reappointed from time to time.

Clause 7 makes the usual provisions governing the meetings of the Committee. The 3 departmental heads who are members may be represented by authorised officers of their Departments.

Clause 8 provides for remuneration and travelling expenses to be paid to the Chairman under the Fees and Travelling Allowances Act 1951.

Clause 9 provides that the Department of Trade and Industry is to provide the necessary staff and administrative services and to keep records of the Committee proceedings.

Clause 10: The functions of the Committee are to receive and investigate applications, to make recommendations as to the making of advances, and to advise on other matters relating to the purposes of the Act.

Clause 11 requires the Committee to make to the Minister an annual report of its operations. The report is to be laid before Parliament.

Clause 12: The Committee members are not to be personally liable for things done by the Committee in good faith in the course of its operations.

Clause 13: All information obtained as to any product, process, technique, practice, plan, study, investigation, design, estimate, tender, contract, or project shall be treated as confidential except for purposes connected with the administration of the new Act.

Clause 14 inserts a definition of the expression "export-market development grants" into the Land and Income Tax Act 1954.

Hon. Mr Walding

SERVICES EXPORT DEVELOPMENT GRANTS

ANALYSIS

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A BILL INTITULED

An Act to promote increased participation in overseas projects by New Zealand exporters of professional and technical services

5 BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:

1. **Short Title**—This Act may be cited as the Services Export Development Grants Act 1973.

10 2. **Interpretation**—(1) In this Act, unless the context otherwise requires,—

“Committee” means the Services Export Development Grants Advisory Committee established under this Act:

“Corporation” means any body corporate; and includes a body corporate incorporated outside New Zealand:

“Eligible expenses”, in relation to any overseas projects, means—

(a) Expenditure in respect of the prospective supply of professional and technical services, being expenditure of the kind to which subsection (2) of section 129A of the Land and Income Tax Act 1954 applies:

(b) The value of the time spent by any person in the prospective supply of professional and technical services, being an amount of the kind to which subsection (2) of section 129AA of that Act applies:

“Minister” means the Minister of Overseas Trade:

“Project” means any facility, system, complex, or other commercial business or transaction which entails the provision of planning, design, or consulting services, technical expertise, or engineering construction and development work.

(2) For the purposes of this Act, the value of the time spent by any person in the prospective supply of professional and technical services in relation to any overseas project shall be ascertained in the same manner as the value of that time would be ascertained for the purposes of section 129AA of the Land and Income Tax Act 1954 if no advance was made under this Act in respect of those services.

3. Encouragement of exports of professional and technical services—(1) It shall be a function of the Minister to do all such things as may appear to him to be necessary to encourage exporters of professional and technical services from New Zealand to participate in the opportunities provided by overseas projects.

(2) Without limiting the generality of subsection (1) of this section, the Minister may from time to time, in such cases and on and subject to such terms and conditions as he thinks fit, authorise the payment of money by way of advances, out of money appropriated by Parliament for the purpose, to persons or corporations established and operating in New Zealand that are seeking prospects for the supply of

professional and technical services for overseas projects, being advances of up to 50 percent of the eligible expenses in relation to those projects. Repayment of any such advance made to any person or corporation in respect of the eligible
5 expenses incurred in seeking to supply those services in relation to any overseas project shall not be required to the extent that that person or corporation does not succeed in supplying those services.

(3) Without limiting the generality of subsection (1) of
10 this section, in the exercise of his functions under this section the Minister shall have regard to the following purposes:

- (a) The development of overseas markets for New Zealand services and manufactured goods:
- 15 (b) The development of resources of technical skill and knowledge in New Zealand:
- (c) The advancement of technological development and proficiency in New Zealand:
- (d) The retention and further utilisation of highly skilled and technical manpower in New Zealand.

20 (4) In determining the eligibility of persons or corporations for grants under this section, and the amounts of such grants, the Minister shall have regard to the advice and recommendations of the Committee.

4. Services Export Development Grants Advisory
25 **Committee**—There is hereby established a committee to be known as the Services Export Development Grants Advisory Committee.

5. Membership of the Committee—(1) The Committee shall consist of 4 members, being—

- 30 (a) A Chairman, to be appointed by the Governor-General on the recommendation of the Minister:
- (b) The Secretary of Trade and Industry:
- (c) The Secretary to the Treasury:
- (d) The Secretary of Foreign Affairs.

35 (2) The Chairman of the Committee shall not be deemed to be employed in the service of Her Majesty for the purposes of the State Services Act 1962 or the Superannuation Act 1956 by reason of his being a member of the Committee.

(3) The performance of the Committee's functions shall
40 not be affected by any vacancy in its membership.

6. Term of office of Chairman—(1) The Chairman of the Committee shall be appointed for a term of 3 years, but shall be eligible for reappointment from time to time.

(2) The Chairman may at any time be removed from office for disability, bankruptcy, neglect of duty, or misconduct, proved to the satisfaction of the Governor-General, or may at any time resign his office by writing addressed to the Minister. 5

(3) Notwithstanding anything in subsection (1) of this section, the Chairman, unless he sooner vacates his office under subsection (2) of this section, shall continue in office until his successor is appointed. 10

7. Meetings and procedure of the Committee—(1) Meetings of the Committee shall be held at such times and places as the Committee or the Chairman from time to time appoints. 15

(2) At all meetings of the Committee not less than 3 members shall form a quorum.

(3) The Chairman shall preside at all meetings of the Committee at which he is present. If he is absent from any meeting, the members present shall appoint one of their number to be the Chairman at that meeting. 20

(4) At any meeting of the Committee the Chairman shall have a deliberative vote and, in the case of an equality of votes, a casting vote. 25

(5) Every question arising at any meeting of the Committee shall be decided by a majority of the valid votes recorded thereon.

(6) In the absence from any meeting of the Committee of any member (other than the Chairman), any officer of his Department authorised in that behalf may attend the meeting in his stead, and during intervals between meetings may do any act that the member may do. While so attending or acting the officer shall be deemed to be a member. 30

(7) Subject to the provisions of this Act, the Committee may regulate its procedure in such manner as it thinks fit. 35

8. Fees and travelling allowances—(1) The Committee is hereby declared to be a statutory Board within the meaning of the Fees and Travelling Allowances Act 1951.

(2) There may be paid to the Chairman of the Committee, out of money appropriated by Parliament for the purpose, remuneration by way of fees, salary, or allowances and travelling allowances and expenses in accordance with 5 the Fees and Travelling Allowances Act 1951, and the provisions of that Act shall apply accordingly.

9. Administrative services—(1) The Department of Trade and Industry shall provide such staff and administrative services as may be necessary to enable the Committee to 10 exercise its functions.

(2) The Department shall keep records of the proceedings of the Committee and of applications made to and information supplied to the Committee for the purposes of this Act.

10. Functions of the Committee—(1) The functions of the 15 Committee shall be—

(a) To receive and investigate applications for advances under this Act:

(b) To make recommendations to the Minister as to the making of such advances and as to the amounts thereof: 20

(c) To advise the Minister on any other matters relating to the purposes of this Act.

(2) In the exercise of its functions the Committee shall, subject to any general or special directions given by the 25 Minister, have regard to—

(a) The desirability of encouraging increased exports of professional and technical services from New Zealand; and

(b) The purposes set out in subsection (3) of section 3 30 of this Act.

11. Annual report—(1) Not later than the 30th day of June in each year, the Committee shall send to the Minister a report of its operations and proceedings for the preceding financial year.

(2) A copy of the report shall be laid before Parliament within 28 days after its receipt by the Minister if Parliament is then sitting, and, if not, within 28 days after the commencement of the next ensuing session.

12. Members of the Committee not personally liable—No member of the Committee shall be personally liable for any act, default, or decision done or made by the Committee in good faith in the course of the operations of the Committee.

13. Secrecy of information obtained—All information 5
obtained by any person in the course of the administration
of this Act as to any product, process, technique, practice,
plan, study, investigation, design, estimate, tender, contract
or project shall be treated as confidential except for purposes
connected with the administration of this Act. 10

14. Consequential amendment—The Land and Income
Tax Act 1954 is hereby amended by inserting in section 2,
after the definition of the expression “European”, the
following definition:

“‘Export-market development grant’ means an advance 15
made under the Services Export Development
Grants Act 1973.”