

Prime Minister's Economic Statement

Tax concessions, an investment allowance, new foreign investment guidelines and developments concerning resource security were announced in the federal government's One Nation statement.

Highlights of the 27 February statement include:

- Significant tax concessions in the business arena, particularly in depreciation — for example, plant and equipment with a life of 20 years can be written off over just 7.5 years (compared to 16.7 years at present).
- An investment allowance is to be introduced (the Development Allowance) under which projects with a value of \$50m or over will be eligible, for a limited period of time, to apply for an allowance of 10% on plant and equipment.

Foreign Investment Openings

There is major liberalisation of foreign investment policy guidelines, to take effect from 26 February 1992. The thresholds below which foreign investment proposals are not examined in certain sectors are increased to \$50m. However those above the previous thresholds need to be notified.

The 50% Australian equity and control guideline for participation in new mining projects and the economic benefits test for acquisitions of existing mining businesses have been abolished. Proposals in the mining sector (over \$50m) will normally be approved unless judged contrary to the national interest.

The new \$50m threshold in foreign investment screening will apply to the following sectors: rural properties, agriculture, forestry, fishing, resource processing, oil and gas, mining (excluding uranium), manufacturing, non-bank financial intermediaries, insurance, stockbroking, tourism (hotels and resorts) and most other services.

Resource Security

The "Information Kit" issued with the Prime Minister's statement states that the government will provide "a certain framework for investment and security of access to sufficient resources for forest industries through the provision of legislation and non-legislated resource security". When parliamentary debate resumes in the Senate on the Forest Conservation and Development Bill, it should show what direction resource security will take. The emphasis in the materials issued with the Prime Minister's statement is on "memorandums of understanding" which are not legally binding, and therefore not satisfactory by themselves.

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