Textile, Clothing and Footwear Strategic Investment Program Scheme Amendment 2001 (No. 2)

I, NICHOLAS HUGH MINCHIN, Minister for Industry, Science and Resources, make this instrument under sections 8 and 34 of the Textile, Clothing and Footwear Strategic Investment Program Act 1999.

Dated 1 June 2001

Minister for Industry, Science and Resources

1 Name of instrument
This instrument is the Textile, Clothing and Footwear Strategic Investment Program Scheme Amendment 2001 (No. 2).

2 Commencement
This instrument commences on gazetted.

3 Amendment of Textile, Clothing and Footwear Strategic Investment Program Scheme 1999
Schedule 1 amends the Textile, Clothing and Footwear Strategic Investment Program Scheme 1999.
Schedule 1  Amendments

(section 3)

[1] Section 3, definition of auditor

substitute

*auditor* means an independent auditor registered under Part 9.2 of the Corporations Law.

*Australian and New Zealand Standard Industrial Classification* or *ANZSIC* means the 1993 edition of the Australian and New Zealand Standard Industrial Classification published by the Australian Bureau of Statistics in 1993.

[2] Section 3, after definition of GST

*insert*

*incomplete program year:*

(a) in relation to a special advance of a Type 1, Type 2 or Type 3 grant — has the meaning given by paragraph 86L (1) (a); and

(b) in relation to a special advance of a Type 4 or Type 5 grant — has the meaning given by paragraph 86V (1) (a).

[3] Section 3, after definition of sent electronically

*insert*

*special advance* of a grant has the meaning given by section 86J.

[4] After subsection 5 (2A)

*insert*

(2AB) Despite anything else in this section, a manufacturing activity of a kind referred to in Subdivision 21 or any of Subdivisions 23 to 29 of Division C of ANZSIC, and not mentioned in subsection 1, is not an eligible TCF activity.

[5] Paragraph 10 (b)

*substitute*

(b) the agent is:

(i) a director or other officer of the body corporate, or an employee of the body corporate having management responsibility; or
(ii) if the entity is in receivership or under administration —
the entity’s receiver or administrator.

[6] **Subsection 52 (8)**

*after*

substitution (3),

*insert*

(3A),

[7] **Subsection 63 (3)**

*substitute*

(3) For the purpose of deciding the particular amount of a grant for a
pre-program year or a program year, the entity’s eligible expenditure
for the pre-program year or program year is taken to be
the specified proportion of the expenditure that would, apart from
this section, have been the eligible expenditure for the pre-program
year or the program year.

(4) In subsection (3):

*specified proportion* means the proportion of expenditure that is
specified in the column headed ‘Proportion of Expenditure’ of the
Table relating to the option in Schedule 3 elected by the entity.

[8] **Subsection 77 (3)**

*omit*

80 and 85

*insert*

80, 85 and 85A

[9] **Subsection 83 (3)**

*after*

section 85

*insert*

and, as far as applicable, section 85A
Subsection 85 (1)

after

by the entity

insert

or TCF value added by the entity

After section 85

insert

85A Reductions on account of advances

(1) Subsection (2) applies to an entity if:

(a) the entity:

(i) is, or has been, in receivership or under administration; and

(ii) has, or the entity’s receiver or administrator has, requested the Secretary or Minister (as the case requires) to determine whether the entity is entitled to be paid a particular grant in respect of a claim for the grant; and

(b) the entity has, in accordance with Part 5B, already received an amount by way of a special advance on account of the grant.

(2) In working out the particular amount of the grant that the entity is entitled to be paid, the Secretary or Minister (as the case requires) must reduce the amount that, but for this section, would be payable to the entity by the amount of the special advance of the grant that has been paid to the entity on account of the grant.

Note If an entity receives an amount by way of an advance on account of a grant that may become payable to the entity and that amount is greater than the amount of the grant, the entity is liable to pay to the Commonwealth the amount of the excess. The Commonwealth may recover the excess as a scheme debt. The scheme debt may be recovered by court action or by deduction from other grants payable to the entity — see section 20 and sections 44 to 47 of the Act.

Paragraph 86 (3) (a)

omit

in which

insert

for which
[13] **Paragraph 86D (3) (c)**

*substitute*

(c) subject to subsection (4), anything done by the transferor entity before the transfer of registration for the purposes of the Scheme (including any step taken for the renewal of registration, for making a claim for a grant, for the determination of an entitlement to a grant or for making a request for a special advance of a grant) is taken to have been done by the transferee entity; and

[14] **After Part 5A**

*insert*

**Part 5B** Special advances of grants

**Division 5B.1** Introductory

**86H** Effect of Part

This Part has effect despite anything else in the Scheme.

**86I** Definition for this Part

In this Part:

*externally administered entity* means an entity that is in receivership or under administration.

**86J** What is a special advance of a grant

(1) A *special advance* of a grant that may become payable to an externally administered entity is an amount that may become payable to the entity under this Part by way of an advance on account of the grant.

(2) A special advance of a Type 1 grant:

(a) may be made in relation to more than 1 eligible TCF activity; and

(b) is payable in relation to eligible expenditure in a pre-program year as well as in a program year or incomplete program year.

(3) A special advance of a Type 2 grant:

(a) may be made in relation to more than 1 eligible TCF activity; and

(b) is payable in relation to eligible expenditure in a program year or incomplete program year.
(4) A special advance of a Type 3 grant may be made to an entity for a program year or incomplete program year only if a special advance of a Type 1 or Type 2 grant is also made to the entity for the program year or incomplete program year.

(5) A special advance of a Type 4 or Type 5 grant is payable in relation to eligible expenditure in a program year or in an incomplete program year.

86K References to a special advance of a grant for a program year

In this Part, a reference to a special advance of a grant to an externally administered entity for a pre-program year, a program year or an incomplete program year is a reference to a special advance of a grant to the entity relating to eligible expenditure incurred, or eligible TCF value added, by the entity in the pre-program year, program year or incomplete program year.

Division 5B.2 Special advances of Type 1, Type 2 and Type 3 grants

Subdivision 5B.2.1 Requests for special advances of Type 1, Type 2 and Type 3 grants

86L Requests for special advances of Type 1, Type 2 and Type 3 grants

(1) Before 1 July 2003 and subject to subsection (2), the receiver or administrator of an externally administered entity that is registered for a program year may, during the program year, ask the Secretary, acting on behalf of the Minister, for 1 or more of the following special advances:

(a) a special advance of a Type 1, Type 2 or Type 3 grant or any combination of those advances for the incomplete program year — that is, the period of the program year that:
   (i) starts when the program year begins; and
   (ii) ends on the day (which must be no later than the day of the request) stated in the request;

(b) a special advance of a Type 1, Type 2 or Type 3 grant or any combination of those advances for any or all of the earlier program years for which the entity is, or has been, registered;

(c) a special advance of a Type 1 grant for either or both of the pre-program years for which the entity is, or has been, registered if the receiver or administrator also asks for a special advance of a Type 1 or Type 2 grant for the 2000/2001 program year.
(2) The receiver or administrator must make a request for a special advance of a grant referred to in paragraph (1) (b) before the end of the period (including any extension period) within which a claim for the grant must be made under Part 5.

(3) Subsections 52 (3) to (7) apply in relation to a request for a special advance of a particular grant in the same way as they apply to a claim for the grant.

(4) However, the Minister, on written request by the receiver or administrator of the entity, may exempt the entity from a provision referred to in subsection (3) if the Minister is satisfied that in the circumstances of the case there is good reason to do so.

(5) A request under subsection (1):
   (a) must be in a form approved by the Secretary; and
   (b) must be signed in a manner indicated in the form; and
   (c) must be accompanied by the following documents and information:
      (i) a written statement by the receiver or administrator setting out how the receipt of the special advance or special advances sought would be likely to result in demonstrable economic benefits to the entity;
      (ii) for each special advance sought — a detailed description of eligible TCF activities carried on in the pre-program year, program year or incomplete program year concerned;
      (iii) for a special advance of a Type 1 grant for a pre-program year, program year or incomplete program year — a statement of eligible expenditure incurred by the entity in the pre-program year, program year or incomplete program year, together with an auditor’s report verifying the eligible expenditure;
      (iv) for a special advance of a Type 2 grant for a program year or incomplete program year — a statement of eligible expenditure incurred by the entity in the program year or incomplete program year, together with an auditor’s report verifying the eligible expenditure;
      (v) for a special advance of a Type 3 grant for a program year — the information required to work out, in accordance with Schedule 2, the total eligible TCF value added for the entity for the program year, together with an auditor’s report verifying the information;
      (vi) for a special advance of a Type 3 grant for an incomplete program year — the information required to work out, in accordance with Schedule 5, the total eligible TCF value added for the entity for the incomplete program year,
together with an auditor’s report verifying the information;

(vii) if the entity, receiver or administrator has not yet made a claim for a grant for which a special advance is sought, a written statement by the receiver or administrator to the effect that the entity, receiver or administrator intends to make the claim;

(viii) if a claim for a grant for which a special advance is sought has been made but the entity, receiver or administrator has not yet requested the Secretary to determine the entity’s entitlement to the grant, a written statement by the receiver or administrator to the effect that the entity, receiver or administrator intends to request the Secretary to make the determination;

(ix) a written statement by the receiver or administrator to the effect that, in the receiver’s or administrator’s opinion, the total of special advances of a Type 1, Type 2 or Type 3 grant for which the entity may be eligible would not exceed the overall limits on grant entitlements referred to in section 85.

(6) If the receiver or administrator is asking for a special advance of a grant for which the entity, receiver or the administrator has, under Part 5, made a claim, the receiver or administrator is required to comply with subparagraphs (5)(c)(i) to (vi) only to the extent (if any) that the Secretary, acting on behalf of the Minister, by written notice, requires compliance.

Subdivision 5B.2.2  Eligibility for special advances of Type 1, Type 2 and Type 3 grants

86M  Eligibility for special advances of Type 1, Type 2 and Type 3 grants

(1) On receipt of a request in accordance with Subdivision 5B.2.1 from the receiver or administrator of an externally administered entity, the Minister must decide if the entity is eligible for 1 or more of the special advances of a Type 1, Type 2 or Type 3 grant sought.

(2) Before the Minister can be satisfied that the entity is eligible for 1 or more of the special advances sought, the Minister must be satisfied as to the matters set out in subsections (3), (4), (5), (6) and (7), as far as applicable.

(3) For each special advance sought, the Minister must be satisfied:
   (a) as to the entity’s registration for the pre-program year, program year or incomplete program year concerned; and
(b) that the entity has carried on, in the pre-program year, program year or incomplete program year, the eligible TCF activity in respect of which the special advance is sought, in accordance with the documents and information given to the Secretary under sections 33, 34 and 37, and as varied under the Scheme.

(4) If a special advance of a Type 1 grant is sought for a pre-program year, program year or incomplete program year, the Minister must be satisfied as to the amount of expenditure that is eligible expenditure, within the meaning of section 15, incurred by the entity within the pre-program year, program year or incomplete program year.

(5) If a special advance of a Type 2 grant is sought for a program year or incomplete program year, the Minister must be satisfied as to the amount of expenditure that is eligible expenditure, within the meaning of sections 23 to 26, incurred by the entity within the program year or incomplete program year.

(6) If a special advance of a Type 3 grant is sought for a program year, the Minister must be satisfied:
   (a) as to the amount that is the total eligible TCF value added by the entity for the program year in accordance with section 28; and
   (b) that the entity is also eligible for a special advance of a Type 1 or Type 2 grant for the program year.

(7) If a special advance of a Type 3 grant is sought for an incomplete program year, the Minister must be satisfied:
   (a) as to the amount that is the total eligible TCF value added by the entity for the incomplete program year in accordance with subsection (9); and
   (b) that the entity is also eligible for a special advance of a Type 1 or Type 2 grant for the incomplete program year.

(8) In addition, in deciding how much of a special advance the entity is eligible for, the Minister must take into account section 86N and, as far as applicable, sections 86O, 86P, 86Q, 86R, 86S and 86T.

(9) For an entity, the total eligible TCF value added by the entity, in respect of eligible TCF activities carried on by the entity for an incomplete program year, is worked out in the way set out in Schedule 5.
86N Entity no longer carrying on eligible TCF activity

An externally administered entity is not eligible for a special advance of a Type 1, Type 2 or Type 3 grant if, at the time when the Minister's decision as to the entity's eligibility for the special advance is to be made, the entity is no longer carrying on an eligible TCF activity.

86O Arms length expenditure — special advances of Type 1, Type 2 and Type 3 grants

(1) In working out the amount of eligible expenditure for a special advance of a Type 1 or Type 2 grant, if it appears to the Minister that expenditure has been incurred in a transaction that was not at arms length, the Minister may take the amount of the expenditure to be the amount that would reasonably have been expected to have been incurred if the transaction had been at arms length.

(2) In working out the amount of eligible TCF value added for a special advance of a Type 3 grant, if it appears to the Minister that information has been given to the Minister under paragraph 53 (d) on the basis of transactions that were not at arms length, the Minister may take the amount of value added to be the amount that would reasonably have been expected to have occurred if the transactions had been at arms length.

86P Pro rata adjustment of eligible expenditure for special advances of Type 1 grants

(1) This section applies to an externally administered entity if the receiver or administrator of the entity:
   (a) has requested a special advance of a Type 1 grant in 1 or both of the pre-program years as well as at least 1 program year; and
   (b) has made an election under section 36 as to which of Option 1, Option 2 or Option 3 in Schedule 3 is to apply to the entity for the apportionment of eligible expenditure incurred by the entity.

(2) The purpose of this section is to ensure that the total amount of the special advances of Type 1 grants payable to the entity in respect of eligible expenditure in both the pre-program years and the program years does not exceed the total amount of special advances of Type 1 grants that would, apart from this section, be payable to the entity in respect of eligible expenditure by the entity in the program period.
(3) For the purpose of deciding the particular amount of a special advance of a grant for a pre-program year or a program year, the entity’s eligible expenditure for the pre-program year or program year is taken to be the specified proportion of the expenditure that would, apart from this section, have been the eligible expenditure for the pre-program year or the program year.

(4) In subsection (3):

specified proportion means the proportion of expenditure that is specified in the column headed ‘Proportion of Expenditure’ of the Table relating to the option in Schedule 3 elected by the entity.

(5) In this section:

program year includes an incomplete program year.

86Q Cap for special advances of Type 1 grants

(1) The amount of a special advance of a Type 1 grant made to an externally administered entity in respect of eligible expenditure incurred by the entity during a particular pre-program year, program year or incomplete program year must not exceed 20% of that eligible expenditure.

(2) If section 86P applies to the entity, the eligible expenditure is the amount that is taken to be the eligible expenditure under that section.

86R Cap for special advances of Type 2 grants

The amount of a special advance of a Type 2 grant made to an externally administered entity in respect of eligible expenditure incurred by the entity during a particular program year or incomplete program year must not exceed 45% of that eligible expenditure.

86S Cap for special advances of Type 3 grants

(1) The total of special advances of Type 3 grants made to an externally administered entity in respect of TCF value added by the entity during a program year must not exceed the lesser of:

(a) 5% of the total eligible TCF value added by the entity in respect of eligible TCF activities carried on by the entity during the program year; and

(b) the sum of:

(i) the total of special advances of Type 1 grants made to the entity for the program year; and

(ii) the total of special advances of Type 2 grants made to the entity for the program year; and
(iii) the total of special advances of Type 4 grants made to the entity for the program year.

(2) The total of special advances of Type 3 grants made to an externally administered entity in respect of TCF value added by the entity during an incomplete program year must not exceed the lesser of:

(a) 5% of the total eligible TCF value added by the entity in respect of eligible TCF activities carried on by the entity during the incomplete program year; and

(b) the sum of:

(i) the total of special advances of Type 1 grants made to the entity for the incomplete program year; and

(ii) the total of special advances of Type 2 grants made to the entity for the incomplete program year; and

(iii) the total of special advances of Type 4 grants made to the entity for the incomplete program year.

86T Modulation

In working out how much of a special advance of a Type 1 or Type 2 grant the entity is eligible for, the Minister must also take into account, as far as applicable, any modulation factor that, in the Minister’s opinion, would be applied to a claim for the grant under Part 5 based on the documents and information given to the Minister under sections 33, 34 and 37, as varied under the Scheme.

Subdivision 5B.2.3 Notice of decisions and payment of special advances of Type 1, Type 2 and Type 3 grants

86U Notice of decisions and payment of special advances of Type 1, Type 2 and Type 3 grants

(1) If the receiver or administrator of an externally administered entity has requested 1 or more special advances of a Type 1, Type 2 or Type 3 grant under this Division, the Minister must give notice, in writing, to the receiver or administrator of the Minister’s decision as to the entity’s eligibility for the special advance or special advances.

(2) If the request is for 2 or more special advances, the Minister may grant the request for only some of those special advances.

(3) The notice must be given as soon as practicable after the decision is made.
(4) If the Minister decides that the entity is eligible to be paid 1 or more special advances of particular amounts under this Division, the Secretary must pay the amount or amounts to the entity.

(5) The special advance or special advances must be paid as soon as practicable after the Minister has made the decision.

Division 5B.3 Special advances of Type 4 and Type 5 grants

Subdivision 5B.3.1 Requests for special advances of Type 4 and Type 5 grants

86V Requests for special advances of Type 4 and Type 5 grants

(1) Before 1 July 2003 and subject to subsection (2), the receiver or administrator of an externally administered entity may, during a program year for the entity, ask the Secretary, acting on behalf of the Minister, for 1 or more of the following special advances:
   (a) a special advance of a Type 4 or Type 5 grant or both for the incomplete program year — that is, the period of the program year that starts when the program year begins and ends on the day (which must be no later than the day of the request) stated in the request if notice of intention to make a claim for the grant or both grants is confirmed under Part 4;
   (b) a special advance of a Type 4 or Type 5 grant or both for any or all of the earlier program years for the entity if notice of intention to make a claim for the grant or both grants is confirmed under Part 4.

(2) The receiver or administrator must make a request for a special advance of a grant referred to in paragraph (1) (b) before the end of the period (including any extension period), within which a claim for the grant must be made under Part 5.

(3) A request:
   (a) must be in a form approved by the Secretary; and
   (b) must be signed in a manner indicated in the form; and
   (c) must be accompanied by the following documents and information:
      (i) a written statement by the receiver or administrator setting out how the receipt of the special advance or special advances sought would be likely to result in demonstrable economic benefits to the entity;
(ii) for each special advance sought, a detailed description of
eligible TCF activities carried on in the program year or
incomplete program year concerned, a statement of
eligible expenditure incurred by the entity in the program
year or incomplete program year and an auditor’s report
verifying the eligible expenditure;

(iii) a statement of strategic business intent that includes the
business, operational and financial strategies that will
guide the entity to sustainable operations for eligible
TCF activities beyond the end of the program period;

(iv) for a special advance of a Type 4 grant, a statement
giving details as to whether the second-hand TCF plant
or equipment acquired is state-of-the-art, having regard
to the matters mentioned in section 86Y;

(v) if the entity, receiver or administrator has not yet made a
claim for a grant for which a special advance is sought, a
written statement by the receiver or administrator
confirming that the entity, receiver or administrator
intends to make the claim;

(vi) if a claim for a grant for which a special advance is
sought has been made but the entity, receiver or
administrator has not yet requested the Minister to
determine the entity’s entitlement to the grant, a written
statement by the receiver or administrator to the effect
that the entity, receiver or administrator intends to
request the Minister to make the determination;

(vii) a written statement by the receiver or administrator to the
effect that, in the receiver’s or administrator’s opinion,
the total of special advances of a Type 4 or Type 5 grant
for which the entity may be eligible would not exceed the
overall limits on grant entitlements referred to in
section 85.

(4) If the receiver or administrator is asking for a special advance of a
grant for which the receiver, administrator or entity has, under
Part 5, made a claim, the receiver or administrator is required to
comply with subparagraphs (3)(c)(i) to (iv) only to the extent (if
any) that the Secretary, acting on behalf of the Minister, by written
notice, requires compliance.
Subdivision 5B.3.2  Eligibility for special advances of Type 4 and Type 5 grants

86W  Eligibility for special advances of Type 4 and Type 5 grants

(1) On receipt of a request in accordance with Subdivision 5B.3.1 from the receiver or administrator of an externally administered entity, the Minister must decide if the entity is eligible for 1 or more of the special advances of a Type 4 or Type 5 grant sought.

(2) Before the Minister can be satisfied that an entity is eligible for 1 or more of the special advances sought, the Minister must be satisfied as to the matters set out in subsections (3), (4), (5) and (6), as far as applicable.

(3) The Minister must be satisfied that the relevant restructuring initiative satisfies the requirements of subsection 29 (5).

(4) The Minister must be satisfied that any second-hand TCF plant or equipment:
   (a) was acquired as part of, or as a direct consequence of, the restructuring initiative; and
   (b) is state-of-the-art; and
   (c) complies with subsections 29 (3) and (4).

(5) For each special advance of a Type 4 grant for a program year or incomplete program year, the Minister must be satisfied as to the amount of expenditure that is eligible expenditure, within the meaning of subsection 30 (1), incurred by the entity within the program year or incomplete program year.

(6) For each special advance of a Type 5 grant for a program year or incomplete program year, the Minister must be satisfied as to the amount of expenditure that is eligible expenditure, within the meaning of subsection 30 (2), incurred by the entity within the program year or incomplete program year.

(7) In addition, in deciding if the entity is eligible for a special advance of a particular amount, the Minister must take into account section 86X and, as far as applicable, sections 86Y, 86Z, 86ZA and 86ZB.

86X  Entity no longer carrying on eligible TCF activity

An externally administered entity is not eligible for a special advance of a Type 4 or Type 5 grant if, at the time when the Minister's decision as to the entity's eligibility for the special advance is to be made, the entity is no longer carrying on an eligible TCF activity.
86Y State-of-the-art TCF plant or equipment — special advances of Type 4 grants

In considering, for the purpose of being able to be satisfied for paragraph 86W (4) (b) as to whether second-hand TCF plant or equipment is state-of-the-art, the Minister must have regard:

(a) to the viable economic life of the plant or equipment; and

(b) if the viable economic life of the plant or equipment is less than 70% of the economic life of the plant or equipment when new — to whether the plant or equipment has a demonstrable and relevant technical excellence, based on a capacity to improve manufacturing efficiency (due, for example, to its design or specification).

86Z Arms length expenditure — special advances of Type 4 and Type 5 grants

In working out the amount of eligible expenditure for a special advance of a Type 4 or Type 5 grant, if it appears to the Minister that expenditure has been incurred in a transaction that was not at arms length, the Minister may take the amount of the expenditure to be the amount that would reasonably have been expected to have been incurred if the transaction had been at arms length.

86ZA Cap for special advances of Type 4 and Type 5 grants

The amount of a special advance of a Type 4 or Type 5 grant made to an externally administered entity in respect of eligible expenditure incurred by the entity during a particular program year or incomplete program year must not exceed 20% of that eligible expenditure.

86ZB Modulation

In working out how much of a special advance of a Type 4 or Type 5 grant the entity is eligible for, the Minister must also take into account, as far as applicable, any modulation factor that, in the Minister’s opinion, would be applied to a claim for the grant under Part 5 based on the documents and information given to the Minister under sections 33, 34 and 37, as varied under the Scheme.

Subdivision 5B.3.3 Notice of decisions and payment of special advances of Type 4 and Type 5 grants

86ZC Notice of decisions and payment of special advances of Type 4 and Type 5 grants

(1) If the receiver or administrator of an externally administered entity has requested 1 or more special advances of a Type 4 or Type 5
grant under this Division, the Minister must give notice, in writing, to the receiver or administrator of the Minister’s decision as to the entity’s eligibility for the special advance or special advances.

(2) If the request is for 2 or more special advances, the Minister may grant the request for only some of those special advances.

(3) The notice must be given as soon as practicable after the decision is made.

(4) If the Minister decides that the entity is eligible to be paid 1 or more special advances of particular amounts under this Division, the Secretary must pay the amount or amounts to the entity.

(5) The special advance or special advances must be paid as soon as practicable after the Minister has made the decision.

[15] Subsection 91 (2)

substitute

(2) However, an entity does not fail to fulfil the condition if:

(a) the entity:

(i) acquires similar new plant or equipment with improved performance to replace the original plant or equipment; and

(ii) the original plant or equipment is used as a trade-in on the new plant or equipment; or

(b) the entity disposes of the plant or equipment as a result of a sale and lease back arrangement financed through a financial lease and the plant or equipment is capitalised in the entity’s accounts.

[16] Schedule 1, Part G

omit

• Textile products, manufacturing n.e.c.

[17] Schedule 4

omit

679

insert

678
After Schedule 4

insert

Schedule 5

Method of working out total eligible TCF value added by an entity for special advances of grants for incomplete program years

(subsection 86M (9))

1. Eligible TCF value added must be worked out on the basis of normal commercial values and arms length transactions.

2. Total eligible TCF value added by an entity in respect of the entity’s eligible TCF activities for an incomplete program year is worked out using the following formula:

\[
\text{Total eligible TCF value added} = \text{turnover plus change in stock minus (purchases plus transfers-in plus selected expenses)}
\]

where:

- **turnover** is the sum of:
  - (a) revenue (exclusive of any GST, excise and sales tax) from:
    - (i) sales, except sales to New Zealand, of the entity’s eligible TCF products; or
    - (ii) if the entity is carrying on an eligible TCF activity of a kind mentioned in item 4 of Part A, or in Part B or C, of Schedule 1 on a fee or commission basis — fees and commissions earned by the entity for that activity; and
  - (b) revenue from transfers-out of the entity’s eligible TCF products to associates of the entity; and
  - (c) all other operating income from outside the entity (for example, commission income, repair and service income, and rent, leasing and hiring income) from carrying on the entity’s eligible TCF activities;

but does not include receipts from interest, royalties, licensing fees, dividends or the proceeds of sale of non-current assets.

- **change in stock** means the value of total closing stocks of the entity’s eligible TCF products less the value of total opening stocks of the entity’s eligible TCF products.

- **stocks** mean finished eligible TCF products, work-in-progress, raw materials, fuels, and containers and packaging for the entity’s eligible TCF products.
purchases mean purchases of materials, components, containers, packaging, fuels, electricity, water, and eligible TCF products for further processing or assembling, for carrying on the entity's eligible TCF activities.

transfers-in means transfers-in of eligible TCF products from associates of the entity for further processing or assembling, for carrying on the entity's eligible TCF activities.

selected expenses means fees and commission expenses, repair and maintenance expenses, outward freight and cartage expenses, motor vehicle running expenses, and rent, leasing and hire expenses, incurred in carrying on the entity's eligible TCF activities.

3. A reference in this Schedule to an entity's eligible TCF products is a reference:

(a) if the entity is carrying on an eligible TCF activity mentioned in paragraph 5 (1) (a) — to eligible TCF products manufactured by the entity; or

(b) if the entity is not carrying on an eligible TCF activity mentioned in paragraph 5 (1) (a), but is carrying on an eligible TCF activity mentioned in paragraph 5 (1) (b) in accordance with paragraphs 52 (4) (a) and (b) as applied by subsection 86L (3) — to eligible TCF products manufactured on behalf of the entity by another entity; or

(c) if the entity is carrying on an eligible TCF activity mentioned in paragraph 5 (1) (e) — to eligible TCF products resulting from that activity.