

MEMORANDUM FOR THE CABINET
BY THE HON. MINISTER OF INDUSTRIAL DEVELOPMENT
AND TOURISM

Application for assistance under the Aids to
Industries Ordinance

F. Baldacchino and Sons

Applicants have applied for:-

- (a) Income tax relief under Section 6;
- (b) Exemption from Customs duty on capital equipment under section 7(1);
- (c) Exemption from Customs duty on materials and components under section 7(2);
- (d) A grant of £2,912 (33 1/3%);
- (e) Drawback where necessary.

2. The assistance is sought for the expansion of Applicants' current manufacturing business. They are at present engaged in the manufacture of glassfibre boats, baths and sinks and propose to extend their activities to cover garage doors, window frames, kitchen furniture and translucent sheeting, all of glassfibre, and also sheet metal garage doors. New employment will be 9 initially and is estimated to increase to 20 in two years. Total capital involved is £8,735 fixed capital and £3,456 working capital. Applicants intend to build workshops adjoining their present premises.

3. This application has been considered by the Aids to Industries Board after the application had been published. The Board recommends income tax relief on profits derived from exports for a period of 10 years under section 6, and exemption from Customs duty on plant, machinery and equipment under section 7(1) for a period of 3 years. The dates of commencement of these periods will be determined at a later date by the Chairman, Aids to Industries Board, in the light of applicants' anticipated date of first production of their expansion project. The Board also recommends a grant of 33 1/3% of the value of capital equipment and cost of building and equipping the new premises, up to a maximum of £2,912. These grants are provided under a Colonial Development and Welfare Scheme and, in accordance with current arrangements, U.K. Treasury approval via the Colonial Office has already been obtained.

4. In recommending this grant, the Board bore in mind that although applicants have spoken about exports, this appears to be only a possibility and the grant will therefore be paid out in instalments equal to one-fifth of the value of exports over 5 years from the date when the expansion project goes into production. Payment will be subject to satisfactory employment figures being maintained.

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5. With regard to exemption from Customs duty on materials, the Aids to Industries Board recommends the removal of duty on glassfibre for industrial purposes, and on Methyl Ethyl Ketone Peroxide, Dimethyl Phthalate and Cobalt Naphtenate, all three of which are chemicals used in the glassfibre manufacturing process. The current rate on glassfibre is 20/34% and on the chemicals 20/30%. If these Tariff changes are approved, the necessary Tariff amendment will be prepared. Drawback arrangements as required will be made in the customary manner.

6. Do you agree, please, that the Governor be advised to approve the Board's recommendations, namely:-

- (a) income tax relief under Section 6 for 10 years;
- (b) exemption from Customs duty under section 7(1) for 3 years;
- (c) removal of Customs duty on glassfibre for industrial purposes, on Methyl Ethyl Ketone Peroxide, Dimethyl Phthalate and Cobalt Naphtenate;
- (d) a grant of 33 1/3%, up to a maximum of £2,912, tied to exports and employment;
- (e) drawback arrangements, as required, in the usual manner.