

The Enhanced Project By-law Scheme (EPBS)

Lower Capital Cost for Projects

The EPBS is an Australian Federal Government incentive scheme that encourages businesses making investments in major projects to consider Australian companies as potential suppliers.

Businesses that are able to demonstrate that their procurement practices allow for a provision of a full, fair and reasonable opportunity for Australian industry to tender as suppliers for their project, may be able to import certain eligible goods for the project duty free, provided these goods are not available in Australia.

How EPBS works

The EPBS is a two (2) phase approval Program.

- First, businesses must obtain approval on their Project Acceptance Application, including their Australian Industry Participation Plan, which outlines how the business intends to ensure that a full, fair, and reasonable opportunity to tender will be granted to Australian suppliers.
- Secondly, businesses must produce an Implementation Report, which evidences how this opportunity was granted to Australian suppliers during the procurement phase of the project. The Implementation Report must be lodged with AusIndustry before the eligible goods on which concessions are claimed, are imported.

AusIndustry will consider all facts before any determinations for the granting of duty concessions are made.



Eligible projects and goods

EPBS provides import duty concessions on eligible goods for significant projects in the following industries:

- mining
- gas supply industries
- manufacturing
- resource processing
- agriculture
- food processing
- power supply
- water supply

Eligible goods include

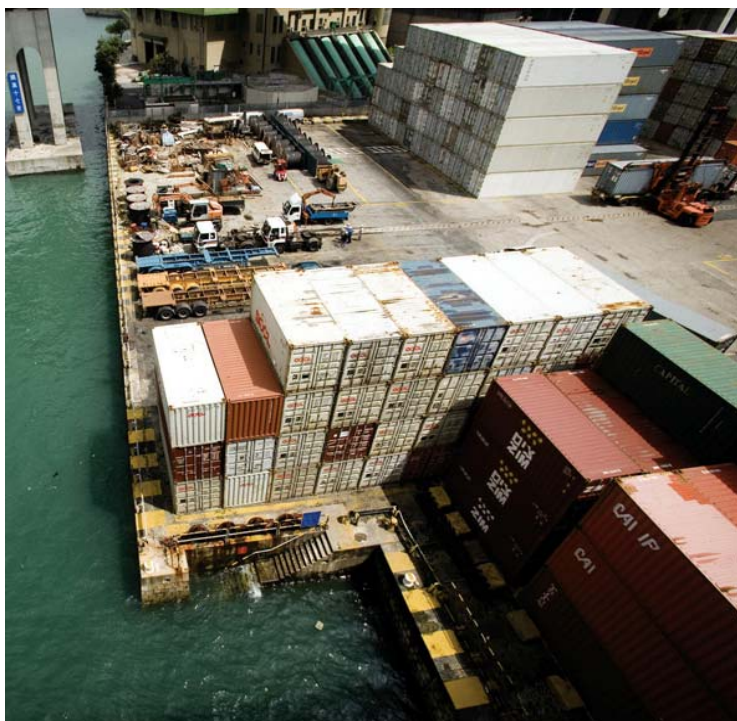
- functional units
- procurement/equipment packages
- pipes, pipelines, conveyors, flexible flow-lines and stainless steel materials.

Level of expenditure

Projects must have **total project expenditure** on eligible goods of **\$10 million or more** to be eligible for participation in the EPBS.

Savings

Typically, we have found that EPBS can provide savings of around 1% of overall capital expenditure, e.g. \$10 million per \$1 billion of CAPEX.



How PwC can assist

Our approach is to partner with the project owner through the life of the EPBS process. We utilise our proven program methodology and project management tools to maximise savings for our clients.

Our Customs professionals are well versed in the process of obtaining duty concessions for our clients through the use of EPBS, Tariff Concession Orders and qualification of goods for Free Trade Agreements.

We help companies evaluate whether or not the EPBS is the right strategy to achieve duty savings for their project.

Where EPBS is the best strategy, we assist companies with their entire EPBS project including the Project Acceptance Application process, preparation of the Implementation Report, and review of imports to help ensure benefits are maximised.

The Wider Benefits

In many cases, EPBS can deliver more than cost savings for the project. Some wider benefits include:

- **stakeholders** – aligned community engagement activities and realistic expectations, political support for the Project, industry support;
- **governance** – efficient and compliant import procedures and documents to support logistics and schedule, accountable and best value process for local opportunities, integration of requirements and aligned costing and sourcing strategy to avoid misinterpretation of local content requirements, defensible audit trail;
- **supply chain** – enhanced relationships between the prime contractor/s and operator and clear and reasonable expectations set on contractors and suppliers regarding local content without affect on cost.

Main Activities

Key Elements

Assess Project and develop strategy to address Australian Industry Participation Plan (AIPP)

- ✓ team responsibilities
- ✓ government liaison
- ✓ industry communication
- ✓ procurement and contracting
- ✓ duty visibility and savings
- ✓ reporting governance

Project Acceptance Application, including AIPP

- ✓ provide information about Project
- ✓ prepare AIPP
- ✓ prepare and lodge PAA

Assessment of non-availability of imported goods in Australia

- ✓ assess CAPEX
- ✓ approach local manufacturers
- ✓ obtain duty concession

Implementation Report (IR), and updated AIPP

- ✓ ensure that actions proposed in the AIPP are implemented
- ✓ prepare and lodge IR, including an updated AIPP

Manage customs duty savings and monitor benefits

- ✓ request legal instrument to allow import of goods duty free
- ✓ manage and monitor benefits

Recognising and Managing Risk

There are some challenges and risks associated with EPBS. Integrity and accountability and relationships with key government stakeholders are all vital to the Project given the significant political, industry and community interest.

As a reputed quality service provider that has managed billions of dollars worth of projects, our team is aware of these risks and is able to maximise savings while ensuring compliance.



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