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GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUBSIDIES

Notifications Pursuant to Article XVI:1

AUSTRALIA

The following notification has been received from the Permanent Mission of Australia.

I. ADP Equipment

1. Nature and extent of subsidy

(a) Background and authority

The Automatic Data Processing Equipment Bounty Act 1977 provides for the payment of bounty on certain ADP equipment and is operative from 29 March 1977. The Act terminates on 28 March 1984.

(b) Incidence

Bounty is payable on certain ADP equipment produced in Australia.

(c) Amount of bounty paid

No claims lodged to 30 June 1977.

(d) Rate of bounty

Bounty is payable to the manufacturer as a percentage of value added. The percentage of value added will vary over the life of the bounty as follows:

29 March 1977 to 28 March 1980	20 per cent
29 March 1980 to 28 March 1982	15 per cent
29 March 1982 to 28 March 1984	7½ per cent

2. (a) Effect of bounty

It is expected that the bounty will make local manufacturers of ADP equipment more competitive.

(b) Statistics

Details of production and payment not yet available.

II. AGRICULTURAL TRACTORS

1. Nature and extent of subsidy

(a) Bounty on agricultural tractors, which is paid by authority of the Agricultural Tractors Bounty Act 1966-73, is payable on tractors having an output of fifteen or more KW but not exceeding 105 KW.

The Act which replaced the Tractor Bounty Act 1939-1966 commenced on 26 October 1966 and expired on 31 December 1976. The Act has since been extended for ten years following an Industries Assistance Inquiry into the matter.

(b) Incidence

The bounty is payable in respect of tractors manufactured at registered premises, and sold for use in Australia or in a territory of Australia not forming part of Australia.

(c) Amount of bounty paid

Year	$A'000
1971/72	3,159.9
1972/73	2,800.0
1973/74	3,707.2
1974/75	4,441.8
1975/76	3,631.0
1976/77	4,879.9

(d) Rate of bounty

The rate of bounty per tractor is initially calculated as a figure varying between $549 and $3713 according to the output of the engine of the tractor. This figure is then reduced according to the percentage of local content in order to arrive at the amount of bounty payable. The rate is adjusted quarterly in line with import price movements.

2. (a) Effect of bounty

The bounty appears to be according reasonable protection to local manufacturers without increasing costs to primary producers.

(b) Statistics

Agricultural Tractors

	Imports [a]		Local Production [b]	
Year	Number	Value ($'000)	Production Number	Value ($'000)
1968/69	14,442	32,742.0	4,462	17,978.3
1969/70	11,900	32,823.0	3,186	11,127.3
1970/71	10,421	18,755.0	2,480	9,284.2
1971/72	8,112	22,111.0	5,847	26,475.6
1972/73	12,021	36,711.0	4,885	24,334.4
1973/74	14,551	41,606.0	3,728	21,152.2
1974/75	25,231	84,154.0	3,716	25,323.6
1975/76	21,984	116,290.0	3,255	38,416.2
1976/77	22,570	149,663.0	3,615	55,826.7

a Including all wheeled type tractors; b Bountiable tractors.

III. APPLES AND PEARS

(a) Background and Authority

The Apple and Pear Stabilization Scheme was introduced for the 1971 export season. It ran for five years until the 1975 season and it was subsequently extended for a further three years. It was announced on 3 July 1978 that the Scheme would be further extended to cover the 1979 and 1980 seasons.

The legislative authority for the Scheme is specified in the Apple and Pear Stabilization Act of 1971, the Apple and Pear Stabilization Export Duty Act of 1971 and the Apple and Pear Stabilization Export Duty Collection Act of 1971 and their subsequent amendments.

(b) Incidence

The scheme covers all apples and pears exported at some degree of risk to the owner (on free consignment, against a guaranteed advance or sold afloat). At risk shipments are permitted by the Australian Apple and Pear Corporation (AAPC), to the U.K. and Europe (North America is also an at risk market for pears).

The level of support is determined by the difference between the negotiated varietal support prices and the corresponding average varietal f.o.b. returns from all sales, at risk or otherwise, on all export markets. The maximum level of support for apples was $2 per box for 1976 to 1978 and 80 cents per box for pears; for the extension of the Scheme to 1979 and 1980 the limit for apples has been raised to $2.20 per box, with the limit for pears remaining unchanged at 80 cents per box.

General support prices were originally determined by negotiations between the Commonwealth Government and the industry. Support prices are adjusted each year in accordance with cash cost movements as determined by the Bureau of Agricultural Economics.

Funds have been established for each variety of apples and pears listed in the Act. If the average varietal return per box for all sales exceeds the varietal support price, growers who shipped that variety at risk contribute to the fund for that variety. If the average varietal return per box for all sales is less than the varietal support price, growers who shipped that variety at risk receive a uniform rate of contribution from the fund equal to the difference. Where there is insufficient money in a varietal fund to pay all growers the uniform rate for that variety, the Commonwealth Government makes up the difference.

(c) Amount Paid

In 1977 a total stabilization payout, covering all the varieties of apples and pears concerned, of $A596,610 ($A554,091 for apples and $A42,519 for pears) was made to growers. Of this $592,832 was paid by the Commonwealth Government, the balance coming from the various varietal funds concerned.

For those varieties where the average return was above the support price, $A51,995 was levied on apple growers and $A47,983 was levied on pear growers.

(d) Estimated amount per unit

The amount of payment (or contribution) per box varies according to the variety of apples or pears exported, as under the legislation each variety has a different support price as explained above.

2. Effects of Subsidy

(a) The scheme operates to provide welfare assistance through export support. Prices received on export markets are not sufficient, because of the high cost of export operations, to provide an adequate income to growers. The scheme operates to bring export returns up to target levels. However, despite the support which has been provided through this scheme, Australian exports have declined substantially in recent years.

(b) Statistics of production, consumption, imports and exports

Fresh Apples and Pears
Production, Consumption, Exports
(tonnes)

Year	Production	Australian Consumption (e)	Exports
Apples			
1974/75	367,974	221,000	78,548
1975/76	274,831	161,000	64,727
1976/77	301,551	n.a.	35,521
Pears			
1974/75	157,973	31,000	28,063
1975/76	140,143	54,000	31,867
1976/77	105,278	n.a.	24,066

(e) Estimated

Note: No imports of fresh apples and pears have taken place in recent years

IV. BED SHEETING

1. Nature and extent of subsidy

(a) Background and authority

The Bed Sheeting Bounty Act 1977 provides for the payment of bounty on certain bed sheeting and is operative from 1 September 1976. The Act may be terminated by Proclamation.

(b) Incidence

Bounty is payable on certain polyester cotton bed sheeting woven, printed and made up into bed linen by the manufacturer. The ceiling of payment in any twelve month period is $500,000. Bounty is not payable on exported bed sheeting.

(c) Amount of bounty paid

Payments made from 1 September 1976 to 31 August 1977 amounted to $A499,799.69 on 2.5 m sq metres of bed sheeting.

(d) Rate of bounty

Bounty is payable to the manufacturer at the rate of 20 cents per square metre of printed sheeting used in the manufacture of bed linen.

2. (a) Effect of the bounty

It has improved the competitive position of the local manufacturer.

(b) Statistics

Statistics relating to production, consumption, exports and imports of bed sheeting since the introduction of the bounty have not been separately recorded.

V. BOOKS

1. Nature and extent of subsidy

(a) The Book Bounty Act 1969/1973 provides for payment of bounty on books and has been operative since 1 June 1969. The Government has recently decided to extend the Act to 31 December 1979.

(b) Incidence

Bounty is payable on approved books manufactured and sold in Australia. Initially approved books were those registered for transmission through the post as a book. In 1970 the eligibility criteria was changed to one relating to tariff classification with a requirement that the book must have a minimum number of pages.

(c) Amount of bounty paid

Year	$A'000
1971/72	3,180.6
1972/73	2,984.4
1973/74	3,409.0
1974/75	5,935.7
1975/76	6,749.3
1976/77	8,033.8

(d) Rate of bounty

Bounty is payable to the printer at the rate of $33\frac{1}{3}$ per cent of the total cost of production of the book.

2. (a) Effect of the Bounty

It has reduced the outward flow of printing orders to overseas printers.

(b) Statistics

Books on which bounty has been paid.

Year	No. of Titles	No. of Books
1971/72	5,627	37,028,409
1972/73	4,751	30,721,409
1973/74	5,592	28,006,348
1974/75	5,128	35,574,000
1975/76	N/A	33,215,513
1976/77	N/A	37,496,006

VI. DAIRY PRODUCTS

Government Underwriting of Equalised Values for Butter, Cheese, Skim Milk Powder, Casein and Whole Milk Powder

(a) Background

The collapse of the world market for skim milk powder in early 1976 created serious problems for the manufacturing sector of the Australian dairy industry, and in order to maintain income stability for dairy farmers the Commonwealth Government agreed to underwrite, in conjunction with the State Governments, the equalisation value of skim milk powder at $300 per tonne for the 1975-76 production season.

(b) Incidence

The Government is underwriting the equalisation values for butter, cheese, skim milk powder and casein for the 1976/77 season and the equalised returns for the same products and wholemilk powder under the Stage I marketing arrangements for the dairy industry for 1977/78. The voluntary equalisation scheme which has been discontinued on production after the 1976/77 season had been the industry's own arrangement and was entered into voluntarily by manufacturers. The arrangements have been administered by the Commonwealth Dairy Produce Equalisation Committee Ltd and covered butter, cheese, skim milk powder and casein. The Equalisation Committee will be formally disbanded when all equalisation pools up to and including the 1976/77 season are finalised.

Legislation was passed by the Australian Parliament in June 1977 to provide for a levy/disbursement scheme to replace the voluntary equalisation scheme previously operated by the industry. The new legislation provides for levies to be payable by manufacturers on the production of prescribed products which are sold on the domestic market. The levy/disbursement arrangements are designed to provide each manufacturer with an equalised return from their domestic and export sales of prescribed products and are part of a longer term programme introduced by the government to control production to bring it into closer line with profitable market opportunities so that the industry can stand on its own feet.

(c) Amount

The level of average returns underwritten for the various products in the various production periods are as shown below:

Production Period

Product	1975/76 $ per tonne	1976/77 1st Half $ per tonne	1976/77 2nd Half $ per tonne	1977/78 1st Half $ per tonne	1977/78 2nd Half $ per tonne
Butter	(a)	1,100	1,150	1,160	1,240
Cheese	(a)	750	820	860	955
Skim Milk Powder	300	300	330	360	420
Casein	(a)	795	875	935	1,090
Whole Milk Powder	(a)	(a)	(a)	(a)	715

(a) Product not underwritten

Estimates of the level of Government commitments for the underwriting of the various product pools in the 1975/76, 1976/77 and 1977/78 seasons are:

	1975/76 $M	1976/77 $M	1977/78 $M
Butter	-	5.3	12.0
Cheese	-	Nil	0.7
Skim Milk Powder	Nil	1.0	1.3
Casein	-	0.4	0.3
Wholemilk Powder	-	-	0.2
	Nil	6.7	14.5

(d) Effect of underwriting

The underwriting measures taken by the Government are designed to permit the earliest maximum payments possible to producers by manufacturers in order to maintain income stability and predictability for efficient producers deciding to remain in the industry rather than accept government assistance to leave the industry. It has therefore been necessary to ensure that the level of underwriting did not run counter to the objective of production restraint which the Australian States and the industry have recognized is needed in order to bring about long-term industry stability.

PRODUCTION, CONSUMPTION, EXPORTS AND IMPORTS
FACTORY BUTTER

	1972/1973	1973/1974	1974/1975	1975/1976	1976/1977
			('000 tonnes)		
Production	184.9	175.5	161.3	147.6	118.2
Available for consumption in Australia	109.0	104.2	98.5	93.5	80.7
Exports (including ships' stores)	79.0	60.1	35.2	72.3	34.2
Imports	-	-	-	-	-

Note: Figures in terms of butter equivalent for dry butter fat, ghee and tropical spread.

PRODUCTION, CONSUMPTION, EXPORTS AND IMPORTS
FACTORY CHEESE

	1972/1973	1973/1974	1974/1975	1975/1976	1976/1977
			('000 tonnes)		
Production	93.4	95.8	98.6	112.6	103.6
Available for consumption in Australia	60.6	63.2	69.6	72.1	N.A.
Exports (including ships' stores)	29.6	38.0	34.2	31.5	52.5
Imports	7.5	7.4	8.0	9.7	10.5

N.A.: Not available

PROCESSED MILK PRODUCTS

INFANTS' AND INVALIDS' FOOD

('000 tonnes)

	1972/1973	1973/1974	1974/1975	1975/1976	1976/1977
Production	26.7	27.7	33.5	27.2	30.7
Apparent consumption	18.3	20.1	29.3	N.A.	N.A.
Exports (including ships' stores)	7.8	8.2	8.9	10.2	13.7
Imports	3.3	-	-	-	-

N.A.: Not Available

Source: Australian Bureau of Statistics

PROCESSED MILK PRODUCTS

POWDERED MILK (FULL CREAM)

('000 tonnes)

	1972/1973	1973/1974	1974/1975	1975/1976	1976/1977
Production	36.3	37.4	44.4	41.4	58.2
Apparent consumption	17.4	16.1	16.1	N.A.	N.A.
Exports (including ships' stores)	19.5	22.3	27.3	24.0	37.5
Imports	1.2	1.4	1.5	0.7	0.8

N.A.: Not Available

Source: Australian Bureau of Statistics

PROCESSED MILK PRODUCTS
CONDENSED, CONCENTRATED AND EVAPORATED MILK (FULL CREAM)

('000 tonnes)

	1972/73		1973/74		1974/75		1975/76		1976/77	
	S	U	S	U	S	U	S	U	S	U
Production	14.3	48.6	12.7	35.3	14.4	34.8	18.0	35.7	20.1	37.0
Apparent consumption	12.2	44.7	11.2	33.3	12.6	33.1	N.A.	N.A.	N.A.	N.A.
Exports (Incl.ships' Stores)	2.1	2.9	1.6	2.5	2.6	3.6	5.3	2.7	5.8	2.0
Imports	-	-	-	-	0.1	-	0.1	-	0.1	-

S = Sweetened; U = Unsweetened; N.A. = Not Available

Source: Australian Bureau of Statistics.

VII. DRIED VINE FRUITS

I. Nature and Extent

(a) Background and Authority

A stabilisation scheme for dried vine fruits (currents, sultanas and raisins) was authorised by the Commonwealth Parliament in 1971. The scheme covered the crops of five seasons commencing with the 1971 season, and was aimed at stabilizing returns to growers for dried vine fruit sales on both the domestic and export markets.

2. The Scheme was extended on an unchanged basis to cover the 1976 season but was not extended for the 1977 season.

3. While the Australian government has decided to introduce a further stabilisation arrangement for the three seasons 1978 to 1980 inclusive, details of the scheme are still currently being worked out between the government and the industry.

(b) Incidence

Under the plan which operated from 1971 to 1976 three Funds were set up - a Currant Stabilisation Fund, a Sultana Stabilisation Fund and a Raisin Stabilisation Fund. A base price per ton was declared for each of these three varieties each season. The base price was adjusted each year of the plan according to movements in an index of cash costs. Where the average realised net return to the grower for a variety was within the range of $10 per ton above or below the base price, no payment was made into or out of the relevant Fund. When the average realised return was more than $10 per ton above the base price, the excess over the $10 up to a limit of $A20 was levied for the relevant Fund, subject to no levy applying if the total pack for that variety fell short of a prescribed tonnage. A Stabilisation payment equal to the shortfall below $A10 was paid when the average realised return was more than $A10 below the base price. However, such payment was subject to a maximum of $A23 per ton if a Government contribution was involved, and this ceiling and the rate per ton was reduced in so far as tonnage was in excess of the maximum prescribed for that particular variety. In a year when a stabilisation payment was payable, an advance (to the extent of 90 per cent of the then estimated payment) was made (the remaining 10 per cent being payable following final assessment of realisations).

(c) Amount of Subsidy

(i) Commonwealth Contributions to the Scheme

Commonwealth contributions to stabilisation funds have been as follows: (all figures in $A)

	1971	1972	1973	1974	1975	1976
Currants	30,505	-	-	-	-	-
Sultanas	321,075	1,162,740	-	-	-	1,426,000
Raisins	-	-	-	-	-	-
TOTAL	353,180	1,162,740	-	-	-	1,426,000

(ii) Grower Contributions to the Scheme

Grower contributions to stabilisation funds were made only in respect of 1972 season currant and raisins.

	1972
Currants	27,405
Sultanas	-
Raisins	127,443
TOTAL	154,848

(iii) Balances in Stabilisation Funds as at end of 1977 season (including interest) were as follows:

	$
Currants	33,974
Sultanas	-
Raisins	165,428

(d) Estimated Amount per Unit

Pay-outs from funds or government contribution were limited to a maximum level of $A23/tonne.

II. Effect of Subsidy

(a) Quantitative Trade Effects

The main effect of previous stabilisation schemes has been the stabilisation of incomes. With regard to the effects of the scheme on production and exports, production of dried vine fruits is highly variable with the major factors influencing production levels including climate, aging of vines and intake of drying grapes by wineries. The effect on the level of production and exports is considered negligible in view of the low level of support payed and the lack of knowledge at the time of export regarding the minimum tonnages and the level of the final average seasonal realisation. In fact, the level of both production and exports has shown a gradual decline over the past 20 years.

(c) Statistics of Production, Consumption Imports, Exports
(tonnes)

SEASON	PRODUCTION	CONSUMPTION	IMPORTS+	EXPORTS
1975	66988	21836	48	45102
1976	70308	23476	247(a)	46332
1977	65250*	N/A	N/A	44162(a)

* estimate
(a) preliminary ABS
\+ year ending 30 June following year

VIII. METAL WORKING MACHINE TOOLS BOUNTY

1. Nature and extent of subsidy

(a) Background and authority

The Metal Working Machine Tools Bounty Act 1972-73 which came into operation on 11 August 1972 is to operate until 30 June 1979.

(b) Incidence

The Act provides for the payment of bounty on the production and sale of certain metal working machine tools manufactured at registered premises and sold for use in Australia.

(c) Amount of bounty paid

Year	$A'000
1972/73	656.7
1973/74	973.5
1974/75	1,701.8
1975/76	1,584.9
1976/77	2,350.1

(d) Rate of bounty

The rate of bounty is initially calculated as being one-third of the factory cost of the machine tools. This figure is then adjusted according to the percentage of local content in order to arrive at the amount of bounty payable.

2. (a) Effect of bounty

The bounty provides reasonable protection to local manufacturers.

(b) Statistics

Statistics are not available as the particular items subject to the bounty are not recorded individually in Australian statistics.

IX. NITROGENOUS FERTILIZERS

1. Nature and extent of subsidy

(a) Background and authority

Subsidy on nitrogenous fertilizers is paid under the Nitrogenous Fertilisers Subsidy Act 1966-76. It provides for payment of subsidy on fertilizers containing manufactured nitrogenous substances including urea and sulphate of ammonia or of natural sodium nitrate, which are sold for use in Australia. It is due to expire on 31 December, 1978.

(b) Incidence

Subsidy is payable on locally produced nitrogenous fertilizers, on imported nitrogenous fertilizers not locally manufactured and on imported fertilizers where the local producer is not prepared to sell like or directly competitive goods on as favourable terms as the terms on which the imported non-dumped goods are sold.

(c) Amount of subsidy paid

Year	$A'000
1971/72	9,783.6
1972/73	13,116.1
1973/74	13,573.1
1974/75	13,982.9
1975/76	13,043.6
1976/77	15,179.7

(d) Rate of subsidy

Since 1 January 1977 the rate has been $A60.00 per tonne of nitrogen content in the fertilizer.

2. (a) Effect of subsidy

The effect of the subsidy has been to reduce costs for industries which have been major users of nitrogen and to encourage the use of nitrogenous fertilizers in newer fields such as cereal growing and pasture improvement.

(b) Statistics

(i) Nitrogenous fertilizers, other than sulphate of ammonia and urea, are not separately recorded in official production statistics;

(ii) Consumption, imports and exports of nitrogenous fertilizers in Australia:

CONSUMPTION AND IMPORTS

Year	Apparent consumption ('000 tonnes of N)	Imports	
		Quantity ('000 tonnes of N)	Value f.o.b. ($'000)
1971/72	124.2	8.1	N/A
1972/73	166.6	7.1	N/A
1973/74	172.3	N/A	N/A
1974/75	177.6	N/A	N/A
1975/76	165.6	N/A	N/A
1976/77	212.9	N/A	N/A

Exports of nitrogenous fertilizers from Australia are not recorded separately.

X. PHOSPHATE FERTILIZERS

1. Nature and extent of subsidy

(a) Background and authority

Bounty on phosphatic fertilizers was paid by authority of the Phosphate Fertilizers Bounty Act 1963-71. The original Act extended by amendments in 1966, 1968 and 1971, expired on 31 December 1974. However on 11 February 1976 the Bounty was re-introduced to apply until 30 June 1977, on the same basis. It has now been extended for five years from 1 July 1977.

(b) Incidence

Bounty was payable in respect of specific phosphate fertilizers i.e. superphosphate and ammonium phosphate. It was paid to the producer with the legislative requirement that the full benefit be passed on to the end-user. Bounty is now payable on all phosphatic fertilizers produced and sold for use as fertilizers in Australia.

(c) Amount of bounty paid

Year	$A'000
1971/72	45,794.9
1972/73	56,589.7
1973/74	66,962.2
1 July to 31 Dec. 1974	29,507.9
11 Feb. 1976 to 30 June 1976	20,132.8
1976/77	38,733.4

(d) Rate of bounty

The operative rate, in respect of the 1963/66 legislation, was $A6 per long ton of superphosphate, provided the phosphorus pentoxide content was between 19.5 per cent and 20.5 per cent. On double and triple strength superphosphates and on ammonium phosphate, the rate was $A30 per long ton of the phosphorus pentoxide content. In 1968 the rates were increased to $A8 and $A40 respectively and in 1969 to $A12 and $A60 respectively. The amendment to the Act in 1968, also provided for specified trace elements, if added to superphosphate, to attract bounty as superphosphate. From 1969 the Act provided for payment of $A 11.81 per tonne of standard superphosphate produced and sold for use as fertilizer in Australia. Since 1 July 1977 the rate has been increased to $12.00 per tonne.

2. Effect of Bounty

(a) Overall, the bounty had the effect of reducing costs and encouraging greater use of phosphate fertilizers as a means of increasing production, particularly in the wool and wheat industries.

(b) Statistics

PHOSPHATE ROCK

Year	Imports Quantity ('000 tonnes)	Imports Value ($A'000)	Local Production ('000 tonnes)
1971/72	2,258.1	N/A	N/A
1972/73	2,968.3	N/A	N/A
1973/74	3,103.9	N/A	N/A
1974/75	2,639.1	N/A	N/A
1975/76	1,511.9	N/A	N/A
1976/77	1,970.5	N/A	N/A

SUPERPHOSPHATE

Year	Imports ('000 tonnes)	Local Production ('000 tonnes)
1971/72	Nil	3,876.9
1972/73	Nil	4,790.6
1973/74	Nil	5,670.0
1974/75	Nil	2,818.0
1975/76	Nil	2,451.9
1976/77	20.7	3,192.1

XI. SHIPBUILDING

1. Nature and extent of subsidy

(a) Background and authority

To provide assistance to the Australian shipbuilding industry the Government promulgated the Ship Construction Bounty Act in 1975. It provides for the payment of bounty on vessels, being fishing vessels over 21m in length or of 150 gross (construction) tons or more where built in Australia. Until June 1975 assistance to the industry was provided by a subsidy payable under the Australian Coastal Shipping Commission Act.

(b) Incidence

The bounty is payable to shipbuilders in respect of vessels built at registered premises and sold for use in Australian waters or for use as an Australian registered ship operating in international trade. The level of bounty payable has been phased down from a maximum level of 40% in 1975 (at present it is 31%) to a long-term rate of 25% after 31 December 1'80. Vessels exceeding 90,000 deadweight tonnes and offshore oil drilling vessels for use in Australian waters are eligible for bounty at the fixed rate of 25%.

(c) Amount of Subsidy*

Year	$m
1974/75	31.0
1975/76	41.9
1976/77	27.3

* of the subsidy paid, bounty paid under the Ship Construction Bounty Act in 1975/76 and 1976/77 totalled respectively $1.6m and $5.7m.

(d) Estimated amount per unit

Not relevant.

2.

(a) Effects of subsidy

The effect of the bounty is to enable Australian shipbuilders to be more competitive and to reduce the price to shipowners of vessels built in Australia. Bounty is not payable on vessels built for export.

(b) Statistics

Relevant statistics are not available.

XII. SUGAR

1. Nature and extent of the subsidy

(a) Background and authority

This is a system of rebating part of the price of the sugar content of certain manufactured products exported. Under this arrangement, which has operated for over forty years, the cost of the rebate is borne by the Australian sugar industry. The system operates under an agreement between the Commonwealth and Queensland Governments.

(b) Incidence

When the world free market price for sugar, expressed on a comparable basis, is less than the price for sugar sold in Australia, as specified under the Commonwealth Queensland Agreement, rebates, equal to the difference between the two prices, are granted to exporters of fruit products and other approved products, according to the sugar content of the products.

(c) Amount of subsidy paid

In the year ended 30 June 1977, the sum of $A15,021 was paid in export rebates on approved products other than fruit products. Export rebates were not payable on approved fruit products during the period.

(d) Rate of subsidy

Export rebate was paid during this period on approximately 2,000 tonnes of refined sugar. The average rate of export rebate during the period mentioned was approximately $A7.50 per tonne.

2. Effects of subsidy

(a) Quantitative effect

The rebate is designed to remove any disability in relation to exports of products containing sugar arising from payments of prices for domestic sugar above ruling free market levels overseas. Its effect, when the world price for sugar is below the Australian domestic price, is to place the Australian exporter of these products in the same position as if he imported the cheapest available sugar, of similar quality, free of duty. It is thus intended to safeguard, not to stimulate, exports of products containing sugar. Because the world sugar price has been higher than the Australian price for most of the year ended 30 June 1977, the small rebate paid has had practically no effect on exports.

(b) Statistics

RAW SUGAR: PRODUCTION, CONSUMPTION, IMPORTS AND EXPORTS

('000 tonnes - raw value)

Year	Production	Consumption	Exports
1975	2930.2	778.1	1976.0
1976	3395.1	781.3	2621.0
1977	3415.7	785.0(e)	2965.2

(e) Estimate - Department of Primary Industry

Source: I.S.O. Sugar Year Book 1975 and I.S.O. Statistical Bulletins.

Note: Australia does not import raw sugar.

XIII. WHEAT

1. Nature and extent of subsidy

(a) Background and authority

A new five-year Wheat Industry Stabilisation Plan commenced with the 1974-75 season. It operates under the Federal Wheat Industry Stabilisation Act, 1974 and complementary State legislation of the same title.

2. As in previous plans, the stabilisation arrangements embodied in the new plan provide in general for the building up of a fund contributed by growers from a levy on exports, when the average export return exceeds the "stabilisation price". The stabilisation price will be moved annually according to a formula which takes account of movements in export returns.

3. If a pool's average export return falls below the stabilisation price, the deficiency is met from the fund. If the fund becomes exhausted, the deficiency is met by the Australian Government.

4. There are certain limitations to the contributions to, and payments from the fund. These distinguish the new plan from the previous plan. In particular, the possible Government subvention is limited, whereas previously the Government's commitment was open-ended.

Briefly, the limitations are:

(i) the contribution to, and withdrawal from the fund is limited to a maximum of $A5.51 per tonne on exports or $A30 million in total, whichever is the less;

(ii) growers' contributions phase out as the average export price declines to $A55.12 per tonne, and withdrawals from the fund phase out when the average export price approaches $A73.49 per tonne;

(iii) any Government contribution to the fund is to be repaid to the Government from industry contributions in subsequent seasons of the plan period before those industry contributions are accumulated in the fund; and the net Government contribution to the fund over the five seasons is not to exceed $A80 million.

5. The stabilisation fund for the new plan commenced with a credit balance of about $A50 million, being contributions by growers under the previous plan in respect of 1973-74 season's exports. The maximum contribution of $A30 million was made by the industry in respect of the 1974-75 pool, and the fund therefore reached its ceiling of $A80 million. With the limitations on withdrawals and taking into account sales from 1976/77 crop and current market prices, it is almost certain that no government intervention will be called for during the life of this plan.

(b) Incidence

The limitations on contributions to, and payments from the fund are described above.

(c) Amount of Subsidy

It seems most unlikely at this stage that any payments from the government will be required for the duration of the current scheme, ending 1978-79.

2. Effects of Subsidy

The previous stabilisation arrangements have provided some security of return to growers, as payments from the funds have moderated fluctuations in returns. However, the effect, if any, of the stabilisation schemes in encouraging wheat planting is not quantifiable. In this connection it should be noted that wheat delivery quotas were superimposed on stabilisation from 1969/70 and these had some restrictive effect on plantings until 1973/74 when greatly increased quotas meant the effect was only nominal. Quotas were suspended for the 1975/76, 1976/77 and 1977/78 seasons.

The new stabilisation arrangements commencing with the 1974/75 season provide the grower with a much more limited measure of security against price fluctuations overseas as compared with earlier arrangements. Firstly, the stabilisation price is moved each year in accordance with the trend in market prices, rather that cost movements. Secondly there are definite limits to the extent to which the Government can be called upon to underwrite the plan.

(b) Statistics of production, consumption, imports and exports

WHEAT PRODUCTION, DOMESTIC CONSUMPTION AND EXPORTS

(Marketing Year 1 December to 30 November)
(million tonnes)

	1973-74	1974-75	1975-76	1976-77	1977-78
Production	12.0	11.4	12.0	11.7	9.6*
Domestic Consumption	3.3	3.1	2.7	2.5	N.A.
Exports	7.4	8.6	8.2	9.8	N.A.

* Estimate

Notes:

(i) Australia very rarely imports wheat, the last occasion being in 1957-58.

(ii) Because of the varying factors influencing the levels of wheat production, consumption and exports over time, comparison with years prior to the introduction of the stabilisation scheme in 1948 is not meaningful.

(iii) The wheat delivery quotas scheme introduced in 1969-70 had, up until 1972-73, some restrictive effects on production; these virtually disappeared with the large increase in quotas from 1973-74 and subsequent suspension of quotas from 1975-76.