

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

RESTRICTED

L/4763/Add.6

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Limited Distribution

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SUBSIDIES

Notifications Pursuant to Article XVI:1

AUSTRALIA

The Permanent Mission of Australia has forwarded the following notification of changes which have occurred in subsidy measures since their full notification in 1978 (L/4622/Add.7).

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PAGE 2

- . II Agricultural Tractors, para 1(a)
  - add the sentence "The Act was amended in 1978 to include tractors having a power rating exceeding 105 KW"

PAGE 7

- . IV Bed Sheeting, para 1(b)
  - in fourth line, delete "\$500,000"
  - insert "\$600,000"

PAGE 8

- . V Books, para 1(a)
  - in fourth line, delete "31 December 1979"
  - insert "31 December 1986"
- . Para 1(b)
  - add the sentence "From 1 January 1980, a minimum production run of 1,000 copies will also be required as an eligibility criterion"
- . Para 1(d)
  - add the sentence "This rate will be gradually reduced to 25 per cent by 1 January 1986"

PAGE 9

- . VI Dairy Products, para (b)
  - replace whole section on incidence with:

"The Government underwrote 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 Staged marketing arrangements for the dairy industry for the 1977/78 and 1978/79 seasons. 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 had

been administered by the Commonwealth Dairy Produce Equalisation Committee Ltd and covered butter, cheese, skim milk powder and casein. The Equalisation Committee has now been formally disbanded.

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 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.

The Government decided in May 1978 to implement Stage II of the dairy industry marketing arrangements by incorporating within the levy disbursement arrangements a system of selective underwriting for prescribed products from 1 July 1978.

The objective of the selective underwriting arrangements is to bring production into line with remunerative markets consistent with the Stage II objectives.

To this end the Government's underwriting arrangements have been directed at reducing the production of less profitable products, e.g. butter, while allowing scope for an increase in the production of more profitable products, such as fresh milk products, cheese and wholemilk powder.

The main dairy product in over-production has been butter and a limit of 101,000 tonnes has been imposed on the quantity of butter production to be underwritten for the 1978/79 season.

Production in excess of the underwriting ceiling for butter will receive only the average export pool return.

The levels of underwriting applying during 1978/79 should allow efficient manufacturers to pay their suppliers around \$1.65 per kg. butterfat at the farm gate.

Legislation to give effect to the Stage II arrangements was passed in June 1978.

The Government has undertaken to maintain underwriting until such time as market conditions improve and dairy farmers' incomes can be adequately secured through improved marketing arrangements."

PAGE 13

. VII Dried Vine Fruits, para 1(a)

- replace third paragraph with "In 1978, the legislation was amended to omit raisins and currants from the scheme and to extend the stabilisation of returns from sultanas for the three seasons 1978, 1979 and 1980"

. Para 1(b)

- replace whole section on incidence with

"The base price adopted for 1978 under the amended scheme is \$517 per tonne. This price is to be adjusted annually to the extent of absolute changes in cash costs as calculated by the Bureau of Agricultural Economics and the indexing of an owner operator's allowance. Where the averaged realised net return to the grower for a variety is within the range of \$10 per tonne above or below the base price, no payment is made into or out of the Fund set up by the legislation. When the averaged realised return is more than \$10 per tonne above the base price (as adjusted for the particular year), the excess over the \$10 up to a limit of \$20 per tonne is levied and paid into the Fund, subject to no levy applying if the total pack falls short of 50,000 tonnes. A stabilization payment equal to the shortfall below the adjusted base price less \$10 is paid when the averaged realised return is more than \$10 below the adjusted base price. Such payment is subject to a maximum of \$25 per tonne if a Government contribution is involved, and this ceiling and the rate per tonne is reduced in so far as tonnage is in excess of the maximum prescribed of 60,000 tonnes. In a year in which a stabilization payment is payable, an advance (to the extent of 90 per cent of the then estimated payment) is made as soon as is feasible - the remaining 10 per cent or so being payable following final assessment and audit of realizations."

PAGE 16

. VIII Metal Working Machine Tools Bounty

- replace whole section with the following:

"1. Nature and extent of Subsidy

(a) Background and Authority

The Metal Working Machine Tools Bounty Act 1972 came into operation on 11 August 1972 and expired on 30 June 1979. It was replaced with the Bounty (Metal Working Machines Tools) Act 1978 which came into operation on 25 May 1978 and will continue until 30 June 1984 or such later date as proclaimed before 30 June 1984.

## (b) Incidence

The scope of the bounty has been extended to cover metal forming and cutting machines and incorporates the Bounty (Drilling Machines) Act which expired on 30 June 1979. To be eligible for bounty the machine tools must be produced at registered premises and be sold for use in Australia or used by the manufacturer in Australia.

## (c) Amount of bounty paid

Year	\$A'000
1972/73	656.7
1973/74	973.5
1974/75	1701.8
1975/76	1584.9
1976/77	2350.1
1977/78	3977.0

## (d) Rate of Bounty

The rate of bounty is one third of the factory cost of the machine tool. This figure is adjusted according to the local content in order to arrive at the amount of bounty payable. Bounty is also payable on the design cost (if any) of the machine tool which was carried out in Australia. This bounty is one quarter of such design cost.

## 2. (a) Effect of Bounty

The bounty provides reasonable assistance to local manufacturers.

## (b) Statistics

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

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## . IX Nitrogenous Fertilizer, para 1(d)

- replace whole para with "Prior to 1 January 1977 the rate was \$78.74 per tonne of nitrogen content of the fertilizer. From that date the rate became \$60.00 and was further reduced to \$40.00 as from 1 January 1979. The rate will be further reduced to \$20.00 per tonne as from 1 January 1980."

PAGE 21

## . XI Shipbuilding, 1(b), line 7

- delete "31%", insert "29%"

## NEW SCHEMES

Following are details of subsidy schemes introduced by the Australian Government since the last notification pursuant to Article XVI:1 :

### XIV : PAPER BOUNTY

#### 1. Nature and Extent of Bounty

##### (a) Background and authority

The Bounty (Paper) Act 1979 came into effect on 6 February 1979 and expires 5 February 1987.

##### (b) Incidence

The Act provides for the payment of bounty on certain coated and uncoated papers produced at registered premises and sold for use in Australia. Bounty is not payable if the paper is used in the production of newspapers, stationery and telephone directories.

##### (c) Amount of bounty paid

No payments have yet been made under this Act.

##### (d) Rate of Bounty

The rate of bounty is \$A90 per tonne of coated paper and \$A70 per tonne of uncoated paper with a maximum of \$A2.5 m to all recipients in any one year.

#### 2. (a) Effect of bounty

The bounty provides reasonable assistance to local manufacturers.

### XV : INJECTION MOULDING EQUIPMENT BOUNTY

#### 1. Nature and extent of bounty

##### (a) Background and authority

The Bounty (Injection Moulding Equipment) Act 1979 came into force on 23 May 1979 and expires on 22 May 1984.

##### (b) Incidence

The Act provides for the payment of a bounty on certain moulding machine equipment manufactured at registered premises and sold for use in Australia or used by the manufacturer in Australia.

(c) Amount of bounty paid

No payments have been made under this Act.

(d) Rate of bounty

The rate of bounty is 45 per cent of the value added in Australia and is to be reduced in yearly steps by 10% to 5 per cent in the final year of operation.

2. (a) Effect of bounty

The bounty is expected to provide reasonable assistance to local manufacturers.

XVI : DENTAL ALLOYS BOUNTY

1. Nature and extent of bounty

(a) Background and authority

The Bounty (Dental Alloys) Act 1979 came into force on 22 December 1978 and expires on 21 December 1979 unless extended by Proclamation. It is a temporary assistance measure pending a decision on long term assistance for the industry.

(b) Incidence

The Act provides for the payment of a bounty on certain dental alloys produced at registered premises and sold for use in Australia.

(c) Amount of bounty paid

Not available

(d) Rate of bounty

Bounty is payable at the rate of \$A15 per kilogram of dental alloy with a maximum payment of \$A45,000 to all recipients in any one year.

2. (a) Effect of the Bounty

The bounty provides reasonable short term assistance to local manufacturers.

XVII : POLYESTER - COTTON YARN BOUNTY

1. Nature and extent of bounty

(a) Background and authority

The Bounty (Polyester-Cotton Yarn) Act 1978 came into force on 1 October 1977, and expires on 31 August 1980.

(b) Incidence

Bounty is payable on certain polyester-cotton yarns produced at registered premises and used in the knitting or weaving of textiles in Australia.

(c) Amount of bounty paid

Payments of bounty to 30 June 1978 amounted to \$A320,800 in respect of 278.9 kilograms of yarn.

(d) Rate of bounty

Bounty is payable at the rate of \$A1.15 per kilogram of bountiable yarn. There is a maximum payment of \$A600,000 to all recipients in any one year.

2. Effect of bounty

It is considered that the bounty makes local manufacturers more competitive.

XVIII : ROTARY CULTIVATORS BOUNTY

1. Nature and Extent of Subsidy

(a) Background and Authority

The Bounty (Rotary Cultivators) Act 1979 came into effect on 5 February 1979 and may be terminated by Proclamation. It is a short term bounty pending a decision on long term assistance for the industry.

(b) Incidence

The Act provides for the payment of a bounty on certain pedestrian operated rotary cultivators produced at registered premises and sold for use in Australia provided the local content of factory cost is not less than 60 percent.

(c) Amount of bounty paid

There have been no payments under this Act.



(d) Rate of Bounty

The rate of bounty is \$A40 per kilowatt of the output of the prime mover engine with a maximum payment of \$A60,000 to all recipients in any one year

2. (a) Effect of the Bounty

The bounty provides reasonable short term assistance to local manufacturers.

XIX : COMMERCIAL MOTOR VEHICLES BOUNTY

1. Nature and extent of bounty

(a) Background and authority

The Bounty (Commercial Motor Vehicles) Act 1978 came into effect on 17 August 1978 and expires on 31 December 1984.

(b) Incidence

The Act provides for the payment of bounty on the production of certain commercial motor vehicles having a gross vehicle mass of 2.72 tonnes or more and which incorporate prescribed components in their assembly. The prescribed components may not be purchased from suppliers associated in business with the assembler and must have a local content of 65 per cent or more.

(c) Amount of bounty paid

The amount of bounty paid under this legislation is not yet available.

(d) Rate of bounty

The rate of bounty is twenty per cent of the into assemblers store cost of the prescribe components used in the assembly of the bountiable vehicle.

2. (a) Effect of the bounty

The bounty provides reasonable assistance to local manufacturers.

