

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

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SUBSIDIES

Notifications Pursuant to Article XVI:1

AUSTRALIA

In accordance with the Decision of the CONTRACTING PARTIES at their Twentieth Session, Australia has submitted the following complete notification of subsidy measures for 1984.

This notification covers new measures and changes introduced since the previous complete notification in 1981 (L/5102/Add.8) and supplementary notifications in 1982 (L/5282/Add.3) and 1983 (L/5449/Add.15).

AUSTRALIAN SUBSIDIES NOTIFICATION
PURSUANT TO ARTICLE XVI:1

I ADP EQUIPMENT

1. Nature and extent of Bounty

(a) Background and Authority

The Automatic Data Processing Equipment Bounty Act 1977 provides for the payment of bounty on certain ADP equipment. The Act commenced operation on 29 March 1977 and was to terminate on 28 March 1984. It was extended to 6 August 1984 by proclamation.

(b) Incidence

Bounty is payable on certain ADP equipment produced in Australia.

(c) Amount of Bounty Paid

Period	\$A'000	Bountiable Production Units
29 March 1980 - 28 March 1982	2,171.6	5,984
29 March 1982 - 30 June 1982	554.0	1,229
1982/83	702.8	2,758

(d) Rate of Bounty

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

29 March 1980 to 28 March 1982 - 15 per cent
29 March 1982 to 6 August 1984 - 7.5 per cent

2. Effect of Bounty

(a) Trade Effects

Bounty enables local manufacturers of ADP equipment to become more competitive against imports.

(b) Statistics

Year	Imports (\$A'000)	Exports (a) (\$A'000)
1980/81	377,386	3,326
1981/82	409,609	1,990
1982/83	486,540	4,528

(a) Exports of Australian produce only.

Note: Production and consumption statistics are not available.

II AGRICULTURAL TRACTORS

1. Nature and extent of Bounty

(a) Background and Authority

Bounty on agricultural tractors is paid by authority of the Bounty (Agricultural Tractors) Act 1966. Bounty is payable on tractors having a power rating of 15kw or more. The Act commenced on 1 January 1977 and will terminate on 31 December 1984 unless extended by proclamation.

(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	Countable Number	Production Value (\$A'000)
1980/81	6,978.6	2,715	64,220
1981/82	6,856.8	2,490	66,994
1982/83	3,189.5	1,424	25,186

(d) Rate of Bounty

The amount of bounty per tractor varies between \$366 and \$3,480 according to the output of the engine of the tractor and is adjusted quarterly by a factor in line with import price movements. However, for the period 10 June 1983 to 9 June 1984 these amounts were doubled by amendment to the Act. The factor for April to June 1984 was 2.1530377 and is 2.105074 for the following quarter.

2. Effect of Bounty(a) Trade Effects

The bounty accords reasonable protection to local manufacturers without increasing costs to primary producers.

(b) Statistics

Year	Imports		Exports (a)	
	Number	Value (\$A'000)	Number	Value (\$A'000)
1980/81	16,807	175,847	207	4,020
1981/82	23,360	238,554	81	2,035
1982/83	13,274	136,973	231	1,701

(a) Exports of Australian produce only.

Note: Exports include tractors other than agricultural and are not strictly comparable to imports.

III APPLE AND PEAR STABILISATION AND UNDERWRITING SCHEMES

1. Nature and extent of the Subsidy

(a) Background and Authority

From 1971 to 1980, the Commonwealth Government operated an Apple and Pear Stabilisation Scheme, under the Apple and Pear Stabilisation Act of 1971, and the complementary Export Duty and Export Duty Collection Acts.

In 1981 the Government introduced an Underwriting Scheme to separately cover apples and pears for the seasons 1981 to 1985. The stabilisation scheme for apples is being phased out over the four years 1981 to 1984 while the scheme for pears was terminated at the end of the 1980 season.

The aim of the Apple and Pear Underwriting Scheme is to give the apple and pear industries security against sharp and rapid declines in prices in export markets without masking from the industry any underlying price trends. The scheme will provide financial assistance for only a limited period after a significant export price decline. While there are no prescribed limits on the level of any underwriting payments, by comparison with the stabilisation arrangements, the assistance is not expected to be paid every year or to be as substantial over a period of years.

The change in market support arrangements to a reliance on underwriting is expected to create further adjustment pressures for the apple industry, both generally and in specific regions. To ensure that adjustment proceeds on an orderly basis, the stabilisation arrangements for apples are being phased out over the four seasons, ending in 1984.

(b) Incidence

The export underwriting arrangements apply to all exports of apples and pears. The Government guarantees, separately for

apples and pears, a minimum return of 95% of the weighted average returns for all exports over the preceding 4 seasons. Any underwriting payment will reduce any stabilisation payout by a corresponding amount during the period stabilisation is being phased out.

The stabilisation scheme covers prescribed varieties of fresh apples exported to Europe at some degree of risk to the owner, ie other than apples sold before export. If the average return for a particular variety is less than the support price (specified in the legislation at the beginning of the scheme and adjusted annually in subsequent years in the light of certain cost movements), payment is made to the owner of the fruit from the varietal stabilisation fund, subject to certain limits.

(c) Amount Paid

Export Underwriting

In 1981 underwriting payments were made on apple exports, totalling \$4.8m. There were no payments on pear exports. During 1982 and 1983 the average returns were well above the guaranteed minimum export prices for both apples and pears and consequently no payments were made under the underwriting scheme.

Stabilisation

During 1984, the final year of the stabilisation scheme, the maximum payout will be \$0.55 per box (limit of \$0.825m).

(d) Rate of Subsidy

Underwriting

The rate of payment is determined by the difference between the guaranteed minimum price and the average export return, when the average return is below the guaranteed minimum.

Stabilisation

The amount of payment per box varies according to the variety of apple exported as each variety has a different support price, which is determined annually on the basis of movements in growers' cash costs. Payment will be made on a maximum 1.5m boxes at a maximum per box rate of \$0.55 in 1984.

2. Effect of Subsidy

(a) Trade Effects

(i) Underwriting

Underwriting serves to protect growers against sudden downturns in returns from the market place. It does not shield the grower from the effects of changes in the market, including downward trends in returns from exports.

(ii) Stabilisation

Stabilisation operates as an income support scheme. The original aim of the scheme was to bring export returns from "at risk" markets in Europe to target levels considered sufficient to provide an adequate income to growers. As stabilisation is being phased out in the four years up to 1984 the importance of the scheme in supporting growers' incomes is diminishing.

(b) Statistics

Fresh Apples and Pears
Production, Consumption, Exports
('000 Tonnes)

Year	Production (a)	Australian Fresh Consumption (a) (c)	Exports (b)
<u>Apples</u>			
1980/81	307	167	39
1981/82	295	187	48
1982/83	285	165(e)	29(p)
1983/84	285(p)	170(p)	28(p)
<u>Pears</u>			
1980/81	146	14	36
1981/82	110	39	23
1982/83	123(e)	28(e)	28(p)
1983/84	110(p)	29(p)	27(p)

- (a) Based on crop year 1 April to 31 March
 (b) Excludes re-exports and ships stores
 (c) Fresh domestic disposal
 (e) Estimated by Department of Primary Industry/Bureau of
 Agricultural Economics and does not include fruit sent for
 juicing or canning
 (p) Preliminary figures

NOTE: Imports of fresh apples and pears into Australia are prohibited under plant quarantine regulations.

IV BED SHEETING

1. Nature and extent of Bounty

(a) Background and Authority

The Bounty (Bed Sheeting) Act 1977 provides for the payment of bounty on certain bed sheeting and commenced operation on 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 with bed linen by the manufacturer. The maximum payment in any twelve month period 1 November to 31 October is \$600,000. Bounty is not payable on exported bed sheeting.

(c) Amount of Bounty Paid

Year	\$A'000	Bountiable Production ('000 sq. m.)
Nov 1980 - Oct 1981	600.0	3,385
Nov 1981 - June 1982	287.8	1,439
1982/83	376.5	1,883

(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. Effect of Bounty(a) Trade Effects

This bounty has improved the competitive position of the local manufacturer.

(b) Statistics

Statistics relating to bed sheeting are not separately recorded.

V BOOKS

1. Nature and extent of Bounty

(a) Background and Authority

The Bounty (Books) Act 1969 provides for payment of bounty on books and has been operative since 1 June 1969. The Act is due to expire on 31 December 1986.

(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 criterion was changed to tariff classification together with a requirement that the book must have a minimum number of pages. In 1980 the Government imposed a minimum run of 1,000 copies or more in the same production run. This was said to be the minimum amount by which the industry could reasonably remain competitive against imports.

(c) Amount of Bounty Paid

Year	\$A'000	Bountiable Production No. of Books
1980/81	15,005	65,452,914
1981/82	15,704	58,413,079
1982/83	18,748	74,655,111

(d) Rate of Bounty

Bounty is payable to manufacturers as a percentage of the total cost of producing the book. The rate varies over the life of the Act as follows:

1 January 1969 - 31 December 1982 : 33.3%
1 January 1983 - 31 December 1983 : 30%
1 January 1984 - 31 December 1986 : 25%

2. Effect of Bounty

(a) Trade Effects

The bounty has improved the competitive position of Australian book manufacturers against imports.

(b) Statistics

Year	Imports (\$A'000)	Exports (\$A'000)
1980/81	163,318	22,504
1981/82	181,771	25,152
1982/83	201,832	23,582

VI DAIRY PRODUCTS

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

1. Nature and Extent of Subsidy

(a) Background and Authority

The current underwriting scheme is administered in conjunction with the marketing arrangements introduced in July 1977. Legislation was passed in June of that year to provide for a levy/disbursement scheme to replace the voluntary equalisation scheme previously operated by the industry. This scheme imposes levies payable by manufacturers on the production of the prescribed products (butter, certain cheeses, skim milk powder, wholemilk powder and casein) sold on the domestic market. The purpose of the levies is to support the domestic price structure for prescribed products, and through their disbursement, to provide each manufacturer with an equalised return from domestic and export sales of such products. Equalisation is achieved by means of pooling arrangements for domestic and export returns.

Underwriting payments (the basis for which is not specified in legislation, but is determined by an administrative decision authorising a Budget appropriation to meet costs) are only made if the equalised return falls below the underwritten value. (The method of determining underwritten values is described under (b) below). The Government has now announced the continuation of present underwriting arrangements for 1984/85. The future of underwriting beyond 1984/85 will be considered in the context of the Government's present comprehensive review of all dairy marketing arrangements.

(b) Incidence

The underwritten values which have applied during the various production periods since the reintroduction of underwriting in 1975-76 are as follows:

Production Period	Butter	Cheese*	Skim Milk Powder	Casein	Whole Milk Powder
(\$A per tonne)					
1980-81	1320	1266	705	1843	961
1981-82	1655	1490	835	2085	1110
1982-83	1850	1575	875	2155	1150
1983-84	2020	1709	915	2196	1269
1984-85	1885	1721	846	2126	1228

Types of cheese covered are Cheddar, Stirred Curd, Granular, Colby, Cheedam and Monterey. Gouda was covered by the underwriting arrangements until 1981-82, but was removed from the arrangement for the 1982-83 season.

Apart from the 1978-79 season, when a limit was imposed on the quantity of butter production which would be underwritten, all production of prescribed dairy products has been underwritten.

Up until the 1981-82 season the underwritten value for each prescribed product was determined with a view to achieving a minimum average farm gate return on milk fat. The values were on a net (after deduction of pool costs) basis. Since 1981-82, the

gross equalised pool return for the total production of each of the prescribed dairy products has been underwritten at 95 per cent of a three year moving average of gross equalised pool returns. The three years taken into account are the forecast for the year in which underwriting is to apply and estimates for the 2 previous years.

Underwriting involves a payment by the Australian Government only if the pool return on a product is lower than the underwritten level. As the domestic price has always been above the underwritten level, the extent of underwriting mainly depends upon export prices and the proportion of product which is exported.

Between the 1980-81 and 1982-83 seasons no Australian Government contribution to underwriting was necessary. Improved market returns resulted in equalised returns from the various product pools for those seasons being higher than the underwritten values, and no payment was therefore required. It is estimated that an Australian Government contribution of the order of \$12 million will be necessary for the 1983-84 year with a similar payment possible in the 1984-85 season, based on a forecast of current production and export returns.

(c) Amount of Subsidy Paid

The Budgetary Cost of Underwriting Prescribed Dairy Products:
1980-81 to 1984-85 (\$'000)

Production Period	1980-81	1981-82	1982-83	1983-84(e)	1984-85(e)
Butter	nil	nil	nil	8,850	1,170
Cheese	nil	nil	nil	nil	nil
SMP	nil	nil	nil	3,270	8,610
Casein	nil	nil	nil	nil	830
WMP	nil	nil	nil	130	760
TOTAL	nil	nil	nil	12250	11370

(e) estimate

SOURCE: Industries Assistance Commission Report: "The Dairy Industry"; November 1983

2. Effect of Subsidy

The intention of underwriting is to protect producers against unexpected and sharp falls in market returns without masking underlying long-term market trends. It is not designed to provide a continuing subsidy or mask longer term market trends. As an added benefit it also facilitates the industry's financing requirements.

(b) Statistics

MANUFACTURE OF DAIRY PRODUCTS : 1980-81 TO 1983-84
(tonnes)

	Condensed, Concentrated and Evaporated Milk		Powdered		Milk	Powdered Skim Milk	Casein	Powdered		
	Butter ^a	Cheese ^b	Full Cream ^c	Skim				Butter Milk or Mixed Skim and Butter Milk	Infants', Invalids', and Health Beverages ^d	
1980-81	79,374	134,807	58,931	20,076	74,842	54,314	13,635	6,610	29,742	
1981-82	76,396	153,287	51,000	19,106	59,035	76,498	8,154	5,845	29,513	
1982-83	88,331	159,583	40,000	20,184	50,000	92,500	11,500	8,407	27,709	
1983-84(e)	112,000	156,000	40,000	40,000	20,000	43,000	122,500	13,500	8,400	
1984-85(c)	117,000	160,000	n.a.	n.a.	n.a.	38,000	150,500	10,000	9,000	
									38,000	n.a.

a. Factory production. Includes the butter equivalent of butteroil production.

b. Non-processed cheese only.

c. Includes sweetened and unsweetened milk and coffee and milk mixtures.

d. Includes malted milk.

(e) Estimated

Source : Industries Assistance Commission Report : "The Dairy Industry"; November 1983 based on Australian Bureau of Statistics data.

Statistics from 1982-83 onwards updated from Australian Dairy Corporation data.

APPARENT TOTAL AND PER CAPUT ANNUAL CONSUMPTION OF
DAIRY PRODUCTS 1980-81 to 1982-83

TABLE 1 : AVAILABLE FOR CONSUMPTION

	1980-81	1981-82	1982-83(p)
Market milk (mil litres)	1540.0	1552.3	1572.2
Butter (a) ('000 tonnes)	63.7	64.6	61.5
Cheese (natural equivalent weight) ('000 tonnes)	97.6	105.0	114.9

TABLE 2 : APPARENT PER CAPUT CONSUMPTION

	1980-81	1981-82	1982-83(p)
Market milk (litres)	104.0	103.1	102.9
Butter (a) (kgs)	4.3	4.3	4.1
Cheese (natural equivalent weight) (kgs)	6.6	7.0	7.5

(a) Includes butter equivalent of butter oil, butter concentrate and ghee.

(p) Preliminary

Source : Australian Bureau of Statistics data.

IMPORTS OF DAIRY PRODUCE

Year	Cheese (kg)	Butter (kg)	Powdered Milk (WMP, SMP, BMP & Whey Powder) (kg)	Condensed Milk (kg)	Casein ^a (\$A)
1980/81	13,273,704	2,530,331	2,889,479(a)	384,673	417,917
1981/82	16,832,363	336,456	1,712,943(a)	373,488	262,325
1982/83	19,740,470	7,822	2,088,127(a)	335,759	498,611

* NB : Figures for casein available only in value (\$A)

(a) See below.

POWDERED MILK IMPORTS*

Year	Whey	SMP	WMP
1980/81	856,082	595,747	1,437,650
1981/82	976,901	598,984	137,058
1982/83	875,240	786,240	426,647

*NB: Figures for BMP not available

Source: Australian Bureau of Statistics data.

MAJOR DAIRY EXPORTS : 1980-81 TO 1983-84
(tonnes)

	Butter	Butteroil and Butter Concentrate	Cheese	Casein	Preserved, Condensed Concentrated, etc.		Dried or in powdered form		Milk and Cream Baby Foods	Ice Cream Mix
					Sweetened	Unsweetered	Full Cream	Skim		
1980-81	10,805	4,183	54,072	10,490	6,970	7,081	94,458	5,840	13,601	1,110
1981-82	5,045	1,683	57,505	9,179	6,449	3,574	43,285	27,568	12,915	62
1982-83	7,689	7,876	53,914	10,113	1,974	3,281	34,841	36,400	10,766	65
		<u>Butter/Buttermilk (b11)</u>	<u>Cheese</u>	<u>Casein</u>	<u>Wholemilk Powder</u>	<u>Skimmilk Powder</u>	<u>Buttermilk Powder</u>			
1983-84 ^(e)	43,000		49,300	10,000	31,500	71,000	6,000			

(e) Estimated

SOURCE: 1980-81 and 1981-82 data: Industries Assistance Commission Report: 'The Dairy Industry', November 1983
based on Australian Bureau of Statistics data

1982-83: Australian Bureau of Statistics data

1983-84: Australian Dairy Corporation data

VII DRIED VINE FRUITS

1. Nature and Extent of Subsidy

(a) Background and Authority

The Australian Government introduced by the Dried Sultana Production Underwriting Act 1982 an underwriting arrangement for sultanas for the 1982 to 1986 seasons to replace stabilization arrangements which operated for the 1978 to 1980 seasons.

(b) Incidence

The underwriting arrangement is based on the Government guaranteeing minimum returns per tonne from production in the 1982, 1983 and 1984 seasons equal to 90% of the average of net returns at packing houses in the preceding two seasons and the estimated net return for the current season. In the 1985 and 1986 seasons the guaranteed minimum return is to be 95% of the three year average net return. If the net return for a season is less than the guaranteed level, an underwriting payment equal to the difference will be made on the total production in that season.

Underwriting does not insulate producers from significant market trends.

(c) Amount of subsidy

Underwriting payments are expected to total \$1,381m for the 1982 season, and on the basis of current estimates, little or no payment is likely to be made for 1983 season production.

(d) Estimated amount per unit

Underwriting payments are expected to amount to \$16.38/tonne for 1982 season sultanas; the most recent season for which all sales have concluded.

2. Effect of Subsidy(a) Trade Effects

The aim of the sultana underwriting scheme is to give sultana producers a measure of security against sudden large falls in world prices without insulating the industry from underlying price trends. The scheme will provide financial assistance only after a significant export price decline. There is no specific trend to the amount of underwriting payments; however, as the arrangement provides for underwritten levels to reflect world prices the scheme is therefore inherently self-limiting. In addition, the arrangement provides for the guaranteed minimum return to be set at only 90% in the first three seasons. For these reasons it is expected that the underwriting arrangement will encourage adjustment to long-term market trends.

(b) StatisticsSultanas

(tonnes)

Season(a)	Production	Consumption(b)	Exports	End of Season Stocks
1980	85,735	21,308	57,687	6,740
1981	51,840	19,500	31,370	7,710
1982	80,380	22,910	52,890	12,528
1983	75,672	24,587	53,818	10,626
1984	81,000(e)	25,000(e)	N.A.	N.A.

Source: Australian Dried Fruits Corporation

Notes: (a) Season commencing 1 March.
 (b) Consumption figures do not include imports.
 (e) Estimated.

Imports of Sultanas, Currants and Raisins

	(tonnes)
1980/81	0.8
1981/82	0.2
1982/83	221.1
1983/84(p)	1228.4

Source: Australian Bureau of Statistics

Notes: (p) Preliminary

VIII METAL WORKING MACHINE TOOLS

1. Nature and Extent of Bounty(a) Background and Authority

The Bounty (Metal Working Machine Tools) Act 1978 came into operation on 25 May 1978 as a result of the Government's acceptance of an Industries Assistance Commission recommendation to replace the Metal Working Machine Tools Bounty Act of 1972. The new Act changed the minimum requirement to obtain full bounty entitlement from 25 to 100 per cent Australian factory cost. The bounty was due to terminate on 30 June 1984. It has been extended to 30 June 1985 by proclamation.

(b) Incidence

The Act provides for the payment of bounty on the production of certain metal working machine tools manufactured at registered premises and sold for use in Australia and on design work carried out in Australia in relation to bountiable machine tools.

(c) Amount of Bounty Paid

Year	\$A'000
1980/81	13,583
1981/82	14,470
1982/83	14,059

(d) The rate of bounty is calculated as being one-third of the Australian factory cost of the machine tool and one-quarter of the Australian design cost (if any) of the tool.

2. Effect of Bounty

(a) Trade Effects

The bounty provides reasonable protection to local manufacturers.

(b) Statistics

Imports

<u>Year</u>	<u>\$A'000</u>
1980/81	173,977
1981/82	175,025
1982/83	132,151

Note: Export and production statistics are not separately recorded.

IX NITROGENOUS FERTILIZERS

1. Nature and Extent of Subsidy

(a) Background and Authority

Subsidy on nitrogenous fertilizers is paid under the Nitrogenous Fertilizers Subsidy Act 1966. 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 as a fertilizer. The subsidy will terminate on 30 June 1985.

(b) Incidence

Subsidy is payable on locally produced nitrogenous fertilizers and on imported nitrogenous fertilizers subject to certain conditions. For imports to be eligible there must be no local manufacture, or the local producer is either not capable of producing the required quantity or is not prepared to sell like or directly competitive goods on as favourable terms as those offered by the overseas producer. The latter provision is qualified in that the export price of the imports must not be lower than the normal value in the country of export.

(c) Amount of Subsidy Paid

Year	\$A'000	Bountiable Production '000 tonnes
1980/81	4,605	730
1981/82	5,264	739
1982/83	5,451	856

(d) Rate of Subsidy

The subsidy has been paid in the three most recent years at the following rate per tonne of contained nitrogen:

Year	\$A
1981	20
1982	20
1983	20

2. Effect of Subsidy

(a) Trade Effects

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.

3. Statistics

Year	Imports		Exports		Consumption ⁽¹⁾
	\$Am.	'000t	\$Am.	'000t	'000t
1980/81	12.7	85.7	4.6	23.0	392.0
1981/82	16.2	108.2	4.1	18.5	394.9
1982/83	15.6	101.2	3.5	21.2	N.A.

(1) Consumption figures are based on year ended 31 March.

X PHOSPHATIC FERTILIZERS

1. Nature and Extent of Subsidy

(a) Background and Authority

Bounty on phosphatic fertilizers is paid under the authority of the Phosphatic Fertilizers Subsidy Act 1963 which terminates on 30 June 1985.

(b) Incidence

Subsidy is payable on all phosphatic fertilizers produced which are sold for use as fertilizers in Australia or used in production of the fertilizer mixture. Since 1 July 1982 the subsidy also applies to imports that are similarly used.

(c) Amount of Subsidy Paid

Year	\$A'000	Bountifiable Production '000 tonnes
1980/81	46,763	3,790
1981/82	43,395	3,594
1982/83	41,992	3,198

(d) Rate of Subsidy

Since 1 July 1977, subsidy has been paid at the rate of \$A12 per tonne of standard superphosphate.

2. Effect of Subsidy

(a) Trade Effects

The subsidy has reduced costs and encouraged greater use of phosphatic fertilizers as a means of increasing production, particularly in the wool and wheat industries.

(b) Statistics

Year	Imports		Exports		Production '000 tonnes	Consumption '000 tonnes
	tonnes	\$A'000	tonnes	\$A'000		
1980/81	6.5	2.4	890.4	211.2	3557	2946.6
1981/82	107.2	116.0	968.6	216.3	3464	2873.5
1982/83	25245.1	3579.6	1761.7	369.4	N.A.	N.A.

(1) Consumption figures are based on year ended 31 March.

XI SHIPBUILDING

1. Nature and extent of Bounty

(a) Background and Authority

To provide assistance to the Australian shipbuilding industry the Government promulgated the Bounty (Ships) Act 1980. The Act provides for the payment of bounty in respect of the construction in Australia of vessels over 150 gross (construction) tonnes or over 21 metres in the case of fishing vessels. The Bounty (Ships) Act, which came into operation on 1 July 1980, superseded the Ship Construction Bounty Act 1975 and implemented changed administrative procedures as well as simplifying the method of bounty calculation.

(b) Incidence

Under the 1980 Act bounty is payable to shipbuilders in respect of vessels built for use in Australian waters or for use by Australian flag operators in international trade. Bounty is currently payable at a rate of 27.5 per cent on a "cost of construction" basis and remains at approximately the same level as applied under the previous Act, where bounty was payable at a rate of 25 per cent based on the lowest acceptable Australian tender price. The bounty is scheduled to be phased down to a long term rate of 20 per cent by July 1986. Bounty is also payable at a rate of 20 per cent in respect of modifications to existing vessels, where the cost of shipbuilding type activity exceeds \$400,000.

(c) Amount of Bounty Paid

Year	Bounty Paid Under	
	Ship Construction Bounty Act \$A mill	Bounty (Ships) Act \$A mill
1980/81	12.9	4.99
1981/82	3.1	23.74
1982/83	0.91	24.88

(d) Rate of Bounty

Refer to (b) Incidence

2. Effect of Bounty

(a) Trade Effects

The bounty enables 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 separately recorded.

XII SUGAR

1. Nature and extent of 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 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 Sugar 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

<u>Year</u>	<u>\$A'000</u>
1980/81	549
1981/82	30
1982/83	1,295

(d) Rate of Subsidy

The export sugar rebate was \$3.10 per tonne in July 1983. The rate fluctuated around a rising trend during the remainder of the year reaching a peak in June 1984 of \$175.70 per tonne.

2. Effect of Subsidy(a) Trade Effects

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.

(b) Statistics

Raw Sugar - Production, Consumption, Imports and Exports
('000 tonnes - raw value)

<u>Year</u>	<u>Production</u>	<u>Consumption</u>	<u>Exports</u>
1981	3508.6	793.1	2982.1
1982	3652.2	782.7	2503.8
1983	3256.3	759.8	2425.3

Source: ISO Year Books and ISO Statistical Bulletins

Note: Australia does not import raw sugar

XIII WHEAT

1. Nature and extent of Subsidy

(a) Background and Authority

The current wheat marketing and pricing arrangements commenced operation for the five seasons from 1 October 1979. These arrangements operate within the provisions of the Commonwealth Wheat Marketing Act 1979 and complementary State legislation. The arrangements incorporate a Guaranteed Minimum Price. The arrangements to apply from 1 October 1984 are currently the subject of negotiations with the States and industry.

Shortly after delivery of wheat to the Australian Wheat Board (AWB) or wheat coming under the AWB's control, a delivery payment equal to the Guaranteed Minimum Delivery Price (GMP) less certain costs is payable to wheatgrowers. Under the 1982 amendments to the Wheat Marketing Act 1979, growers have the option to receive payment at the time of delivery or to defer all or part of that payment until later in the season. The GMP is determined annually by the Minister for Primary Industry, based on the advice of the AWB and the Bureau of Agricultural Economics at 95% of the average of the (estimated) net pool returns of three seasons, being the season for which the GMP is determined and the

previous two seasons. Movements in the GMP between seasons are subject to a limit of 15%. The GMP is guaranteed by the Commonwealth Government with any deficiency between the actual net pool return and the GMP for that season being met by the Government.

(b) Incidence

Any Government payment required to support the GMP would be determined when a pool was finalised. It would be a fixed amount per tonne, being the difference between the GMP and the net pool return, and paid to the Australian Wheat Board when the pool was wound up.

(c) Amount of Subsidy

The level of Government assistance to the wheat industry in any season depends on the relationship between the GMP and net pool returns from the sale of wheat. The level of subsidy is a function of the quantity of wheat in the season's pool and the determined deficiency per tonne. There have been no Government payments required since the current arrangements commenced in 1979. Tentative estimates indicate that there will be no requirement for Government payments for the 1983/84 season. The GMP for wheat was \$114.71 per tonne for 1979/80, \$131.92 per tonne for 1980/81, \$141.51 per tonne for 1981/82, \$141.32 per tonne for 1982/83 and \$150 per tonne for 1983/84.

2. Effect of Subsidy

The GMP arrangements provide growers with an assured and predictable level of immediate return on the delivery of their wheat. Any Government assistance to the industry in the form of a payment under the guarantee will help overcome any adverse short term market fluctuations. However, the arrangements ensure that growers receive signals as to medium/long term trends in the market.

3. Statistics

(1) Wheat (Marketing year, 1 October to 30 September)

(million tonnes)

	1980/81(a)	1981/82(a)	1982/83
Production	10.9	16.4	8.9
Domestic Consumption	2.6	2.3	3.1
Exports	10.6	10.9	8.2
Imports (b)	-	-	-

(a) Year ended 30 November

(b) The last occasion wheat was imported was 1957/58.

(2) Data before change in subsidy arrangements(c).

(million tonnes)

1978/79 (1 Dec to 30 Nov)

Production	18.1
Domestic Consumption	2.0
Exports	11.7
Imports	-

(c) Year by year production and trade can vary significantly depending on seasonal conditions.

XIV PAPER

1. Nature and extent of Bounty

(a) Background and Authority

The Bounty (Paper) Act 1979 came into effect on 6 February 1979 and will terminate on 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 or telephone directories.

(c) Amount of Bounty Paid

Year	\$A'000	Bountiable Production Tonnes
Feb 1980 - Jan 1981	1,561	20,015
Feb 1981 - Jan 1982	1,341	17,716
Feb 1982 - Jun 1982	623	8,232
1982/83	1,433	19,275

(d) Rate of Bounty

The rate of bounty is \$90 per tonne for coated paper and \$70 per tonne for uncoated paper with a maximum amount payable of \$2.5 million to all recipients in any one year.

2. Effect of Bounty

(a) Trade Effects

The bounty provides assistance to local manufacturers against duty free imports.

The arrangements do not have any direct trade effects.

(b) Statistics

Relevant statistics are not separately recorded.

XV INJECTION MOULDING EQUIPMENT

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 will terminate on 22 November 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

<u>Year</u>	<u>\$A'000</u>
1980/81	1,717
1981/82	1,848
1982/83	687

(d) Rate of Bounty

The bounty rate was initially 45% of the value added in Australia and was reduced in yearly steps of 10% with 5% being payable in the year commencing 23 May 1983. However, the Act was amended to provide for the payment of 25% for machines completed between 23 May 1983 and 22 May 1984 inclusive, and 20% for machines completed between 23 May 1984 and 22 November 1984 inclusive.

2. Effect of Bounty

(a) Trade Effects

The reducing bounty is designed to enable the Australian industry to restructure and improve its cost effectiveness against imports.

(b) StatisticsImports

<u>Year</u>	<u>\$A'000</u>
1980/81	4,911
1981/82	13,431
1982/83	8,650

Export and production statistics are not separately recorded.

XVI COMMERCIAL MOTOR VEHICLES

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 will terminate 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

<u>Year</u>	<u>\$A'000</u>
1980/81	6,333
1981/82	6,368
1982/83	3,748

(d) Rate of Bounty

The rate of bounty is 20 per cent of the into assemblers store cost of the presented components used in the assembly of the bountiable vehicle.

2. Effect of Bounty

(a) Trade Effects

The bounty provides reasonable assistance to local component manufacturers.

(b) Statistics

Relevant statistics are not separately recorded.

XVII PENICILLIN

1. Nature and extent of Bounty

(a) Background and Authority

The Bounty (Penicillin) Act 1980 came into operation on 1 June 1980 and is due to terminate on 31 May 1985.

(b) Incidence

The Act provides for the payment of a bounty to the producer on the production in Australia of penicillin types 'V' and 'G' for use as antibiotics.

(c) Amount of Bounty paid

<u>Year</u>	<u>Bountiable Production</u>	
	<u>\$A'000</u>	<u>kg</u>
1980/81	566.7	14,912
1981/82	982.9	25,531
1982/83	749.6	14,853

(d) Rate of Bounty

The rate at which bounty is payable in respect of bountiable penicillin is A\$29 per kilogram for type 'O' and \$A38 per kilogram for type 'V'. A maximum payment of \$A900,000 applies under the Act, however, the rate and limit may be varied by Regulation to take account of world prices and local cost changes by multiplying by a factor.

2. Effect of Bounty

(a) Trade Effects

The bounty provides reasonable assistance to local manufacturers to maintain an adequate production capacity.

(b) Statistics

<u>Year</u>	<u>Imports</u> <u>\$A'000</u>	<u>Exports</u> <u>\$A'000</u>
1980/81	8,126.4	42.9
1981/82	9,792.1	121.7
1982/83	10,151.9	995.3

Note: Import/export statistics are for penicillin and its derivatives.

XVIII REFINED TIN

1. Nature and extent of Bounty

(a) Background and Authority

The Bounty (Refined Tin) Act 1980 came into effect on 1 January 1980 and terminated on 31 December 1982.

(b) Incidence

Bounty was payable in respect of refined tin produced at registered premises from certain Australian tin concentrates.

(c) Amount of Bounty paid

<u>Year</u>	<u>\$A'000</u>	<u>Bountiable Production tonnes</u>
1980/81	65	1,300
1981/82	103	2,067
1982/83	122	2,439

No payments have been made under this Act.

(d) Rate of Bounty

Bounty was payable on the production of bountiable refined tin at the rate of \$A50 per tonne of the weight of the refined tin metal ingot.

2. Effect of Bounty

(a) Trade Effects

The bounty provided short term assistance to local smelters during a period of relaxation of export controls on Australian tin concentrates.

(b) Statistics

<u>Year</u>	<u>Production(a)</u> tonnes	<u>Exports</u>		<u>Imports</u>	
		<u>\$A'000</u>	tonnes	<u>\$A'000</u>	tonnes
1980/81	11,609	20,263	1,436	953	78
1981/82	11,997	11,038	948	877	69
1982/83	10,221	6,594	512	940	68

(a) Contained tin content of metallic minerals processed.

XIX DRILLING BITS

1. Nature and extent of Bounty

(a) Background and Authority

The Bounty (Drilling Bits) Act 1980 came into effect on 1 October 1979 and terminated on 31 December 1982.

(b) Incidence

The Act provided for payment of bounty on certain rock-drilling bits, the cutting edges of which are cemented carbides.

(c) Amount of Bounty paid

Year	\$A	Bountiable Production Units
Oct 1980 - Dec 1981	69,055	786
Jan 1982 - Jun 1982	nil	nil
1982/83	23,190	389

(d) Rate of Bounty

The rate of bounty was determined by the diameter of the bits, and varied between \$A20 and \$A160, subject to local content provisions.

2. Effect of Bounty

(a) Trade Effects

The bounty provided short term assistance to local manufacturers.

(b) Statistics

<u>Year</u>	<u>Imports</u> <u>\$A'000</u>
1980/81	11,118
1981/82	16,588
1982/83	18,307

Export and production statistics are not separately recorded.

XX NON-ADJUSTABLE WRENCHES

1. Nature and extent of Bounty

(a) Background and Authority

The Bounty (Non-Adjustable Wrenches) Act 1981 commenced operation on 1 July 1980 and terminated on 31 December 1982.

(b) Incidence

The bounty was payable in respect of wrenches produced at registered premises in Australia with Australian content exceeding 50 per cent and for use in Australia.

(c) Amount of Bounty paid

<u>Year</u>	<u>\$A'000</u>	<u>Bountiable Production</u> <u>'000 Units</u>
1980/81	367	3,338
1981/82	361	3,888
1982/83	119	2,155

(d) Estimated amount per unit

The bounty was payable on the production of bountiable wrenches at the rate of 5.5 or 11 cents per unit and was limited to a maximum payment in any 12 month period of \$A620,000.

2. Effect of Subsidy

(a) Trade Effects

The bounty provided for short-term assistance in the form of a production bounty to local producers of non-adjustable wrenches.

(b) Statistics

<u>Year</u>	<u>Imports \$A'000</u>
1980/81	10,469
1981/82	10,780
1982/83	8,432

Note: Export and production statistics are not separately recorded.

XXI PRINTED FABRICS

1. Nature and extent of Bounty

(a) Background and Authority

The Bounty (Printed Fabrics) Act 1981 came into effect on 1 January 1982 and is due to terminate on 31 December 1988.

(b) Incidence

Bounty is payable upon mechanical printing of certain light-weight textile fabrics that are suitable for making up into garments in Australia and are woven from wool, cotton, silk or man-made fibre yarns.

(c) Amount of Bounty paid

<u>Year</u>	<u>\$A'000</u>
1982/83	628

(d) Rate of Bounty

Bounty is payable to the printer at the rate of 70 per cent of value added to the fabric by the printer.

2. Effect of Bounty(a) Trade Effects

The bounty is intended to accord reasonable protection to local fabric printers without increasing costs to garment manufacturers.

(b) Statistics

Definition of bountiable items precludes collection of comparable statistics for production and trade.

XXII TEXTILE YARNS1. Nature and extent of Bounty(a) Background and Authority

The Bounty (Textile Yarns) Act 1981 came into effect on 1 January 1982 and is due to terminate on 31 December 1988. This Act supercedes the Bounty (Polyester-Cotton Yarn) Act 1978 which terminated on 31 December 1981.

(b) Incidence

Bounty is payable upon production of certain yarns, spun from certain textile fibres, and used to produce, in Australia, certain yarns, other textiles, or products made wholly or partially therefrom.

(c) Amount of Bounty paid

<u>Year</u>	<u>\$A'000</u>
1981/82	22,962
1982/83	66,706

(d) Rate of Bounty

Bounty is payable to persons performing eligible processes in production of bountiable yarns, as percentages of value added. Percentages of value added vary from 59 per cent for continuous polyamide and polyester yarns, down to 33 per cent for a range of yarns including discontinuous coarse acrylic yarns and certain yarns used to produced carpets.

2. Effect of Bounty

(a) Trade Effects

The bounty is intended to accord reasonable protection to yarn spinners without increasing costs to weavers and knitters.

(b) Statistics

Definition of bountiable items precludes collection of comparable statistics for production and trade.

XXIII BERRY FRUITS

1. Nature and extent of Bounty

(a) Background and Authority

The Bounty (Berry Fruits) Act 1982 came into effect on 1 July 1982 following a report by the Industries Assistance Commission on Fruit and Fruit Products. The Act is due to terminate on 30 June 1987.

(b) Incidence

Bounty is payable upon production in Australia of certain kinds of soft, edible, stoneless berry fruits.

(c) Amount of Bounty paid

<u>Year</u>	<u>\$A'000</u>
1982/83	222

(d) Rate of Bounty

Bounty is payable to the producers of bountiable fruit at the rate of \$A100 per tonne when delivered to processors for processing.

2. Effect of Bounty

(a) Trade Effects

The bounty is intended to help the industry achieve improved efficiency at a time when competition from imports is inhibiting development of local berry fruit growing.

(b) Statistics (Raspberries and Strawberries only)

<u>Year</u>	<u>Production(1)</u> (tonnes)	<u>Imports(2)</u> (\$A'000)	<u>Exports(2)</u> (\$A'000)
1982/83	3993	2462	543

- (1) Crop Year (1 April - 31 March)
- (2) Financial Year (1 July - 30 June)

XXIV ROOM AIR CONDITIONERS

1. Nature and extent of Bounty

(a) Background and Authority

The Bounty (Room Air Conditioners) Act 1983 commenced on 22 December 1983 and terminated on 30 June 1984.

(b) Incidence

Bounty was payable in respect of certain locally manufactured room air conditioners the cooling capacity of which did not exceed 5.4 kilowatts, sold for use in Australia.

(c) Amount of Bounty paid

<u>Year</u>	<u>\$A'000</u>
1982/83	1,000

(d) Rate of Bounty

The rates of bounty were \$60 per air conditioning unit not exceeding 3.528 kilowatts cooling capacity and \$90 per unit exceeding 3.528 kilowatts cooling capacity. A limit of available bounty of \$3,000,000 imposed for the duration of the Act.

2. Effect of Bounty

(a) Trade Effects

The bounty provided temporary assistance to enable capital investment necessary to improve the competitiveness of local manufacture.

(b) Statistics

<u>Year</u>	<u>Production</u>	<u>Imports</u> (\$A,000)	<u>Exports</u> (\$A,000)
1982/83	N.A.	75,258	7,624

XXV STEEL PRODUCTS

1. Nature and extent of Bounty

(a) Background and Authority

The Bounty (Steel Products) Act 1983 commenced on 1 January 1983 and terminated on 31 December 1983.

(b) Incidence

Bounty was payable on the local production and sale for use in Australia of certain high alloy and stainless steel flat and merchant mill products, viz: bar, plate, sheet, billet, piece or slab.

(c) Amount of Bounty paid

<u>Year</u>	<u>\$A'000</u>
1982/83	1,000

(d) Rate of Bounty

The bounty rate applicable was 5% of the price paid or payable for the product.

2. Effect of Bounty

(a) Trade Effects

The Act was intended to provide short term assistance against import competition. It has since been replaced by the Bounty (High Alloy Steel Products) Act 1983.

(b) Statistics

Definition of bountiable items precludes collection of comparable statistics for production and trade.

XXVI HIGH ALLOY STEEL PRODUCTS

1. Nature and extent of Bounty

(a) Background and Authority

The Bounty (High Alloy Steel Products) Act 1983 came into effect on 1 January 1984 and is due to terminate on 31 December 1988.

(b) Incidence

Bounty is payable in respect of certain high alloy and stainless steel flat and merchant mill products previously covered in the Bounty (Steel Products) Act 1983. Again, it is paid on the local manufacture of these products providing they are sold for use in Australia.

(c) Amount of Bounty paid

No details of payment are available at this time.

(d) Rate of Bounty

The maximum bounty rate is 20% of the price paid or payable for the product and is applicable when the industry's sales in the

domestic market in a given quarter are equal to or less than a prescribed tonnage. The bounty rate is reduced on a sliding scale as the industry's sales in the domestic market in a given quarter increase with a nil rate at or above a prescribed tonnage. There is a limit of available bounty of \$9,000,000 in any 12 month period. Both the limit and bounty rates may be varied by regulation.

2. Effect of Bounty

(a) Trade Effects

This Act along with the Bounty (Steel Mill Products) Act 1983, is expected to assist in the creation of a long term viable and internationally competitive steel industry.

(b) Statistics

Definition of bountiable items precludes collection of comparable statistics for production and trade.

XXVII STEEL MILL PRODUCTS

1. Nature and extent of Bounty

(a) Background and Authority

The Bounty (Steel Mill Products) Act 1983 commenced on 1 January 1984 and is due to terminate on 31 December 1988.

(b) Incidence

Bounty is payable on certain domestically produced quenched and tempered steel plate, cold-rolled sheet and pipe and tube produced from certain Australian feedstock and intended to be sold or disposed of by the producer for use in Australia.

(c) Amount of Bounty paid

No details of payment are available at this time.

(d) Rate of Bounty

A maximum bounty rate for each of the three types of bountiable product is applicable when the industry's usage of Australian feedstock in a given quarter is equal to or less than a prescribed tonnage. The bounty rates are reduced on a sliding scale as the industry's usage of Australian feedstock in a given quarter increases with a nil rate at or above prescribed tonnages.

The maximum bounty rate for cold rolled sheet and for pipe and tube is 17% of the sales value of the feedstock while the maximum rate for quenched and tempered plate is 20%. There is a limit on the amount of bounty available in a given year for each product type and this currently stands at \$600,000 for quenched and tempered plate, \$40,000,000 for cold rolled sheet and \$22,000,000 for pipe and tube. Both the limits and the bounty rates may be varied by regulation.

2. Effect of Bounty

(a) Trade Effects

This Act, along with the Bounty (High Alloy Steel Products) Act 1983, is expected to assist in the creation of a long term viable and internationally competitive steel industry.

(b) Statistics

Definition of bountiable items precludes collection of comparable statistics for production and trade.

XXVIII TRACTOR CABS

1. Nature and extent of Bounty

(a) Background and Authority

The Bounty (Tractor Cabs) Act 1983 commenced on 10 June 1983 and terminated on 9 June 1984.

(b) Incidence

Bounty was payable on production and sale of certain cabs for fitting to imported agricultural tractors provided the Australian content of the factory cost of the cab was at least 85%.

(c) Amount of Bounty paid

No details of payment are available at this time.

(d) Rate of Bounty

The rate of bounty was 15% of the factory cost of the cab.

2. Effect of Bounty

(a) Trade Effects

The Bounty was intended to provide short term assistance pending further inquiry into the tractor industry.

(b) Statistics

Definition of bountiable items precludes collection of comparable statistics for production and trade.