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SUBSIDIES

Notifications Pursuant to Article XVI:1

AUSTRALIA

The following notification has been received from the Permanent Mission of Australia and covers changes to existing measures introduced since the previous full notification in 1987 (L/6111/Add.14). Information in the notification updates and in some sections replaces that contained in L/6111/Add.14.

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## I. AGRICULTURAL TRACTORS AND EQUIPMENT

### 1. Nature and Extent of Bounty

#### (a) Background and Authority

The Bounty (Agricultural Tractors and Equipment) Act 1985 came into effect on 1 July 1985 and terminated on 15 September 1987.

#### (b) Incidence

The Act provided for the payment of bounties on the production of agricultural tractors, tractor cabs and tractor equipment.

#### (c) Amount of Bounty Paid

<u>Year</u>	<u>\$A'000</u>
1985/86	3,032.7
1886/87	3,182.0
1987/88	1,098.0

#### (d) Rate of Bounty

Bounty was payable on the production of tractors with nominal engine power of 15 kw and above and on tractor cabs payable at a rate of 40% of the value added by the manufacturer in 1984/85 and 35% in 1985/86. On 20 August 1986 the bounty was reduced to 28 per cent and phased down to 20 per cent from 1 July 1987 to the termination of the scheme on 15 September 1987. The rate on other bountiable equipment was 25 per cent phasing down to 20 per cent from 1 July 1987 to the termination of the Act. The bounty was only payable where the in-house value was at least 20 per cent of the factory cost of the bountiable good.

### 2. Effect of Bounty

#### (a) Trade Effects

The bounty provided reasonable assistance to Australian manufacturers of tractors and tractor components. Imports of tractors have been duty free from the commencement of the revised scheme on 1 July 1985 when the rate had been set at a level equivalent to the then prevailing tariff rate. Imports have continued to be duty free since the termination of the bounty. In July 1988 the Government started considering recommendations by the Industries Assistance Commission concerning future assistance arrangements.

## II. APPLE AND PEAR UNDERWRITING SCHEME

### Item 2(b) Statistics

The table on production and exports is to be amended as follows:

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

<u>Year</u>	<u>Production</u> (a)	<u>Exports</u> (b)
<u>Apples</u>		
1984/85	352	19
1985/86	292	30
1986/87	362	29
1987/88 (e)	336	36
1988/89 (f)	386	27
<u>Pears</u>		
1984/85	139	31
1985/86	143	35
1986/87	151	36
1987/88 (e)	150	37
1988/89 (f)	142	36

(a) Based on crop year 1 April to 31 March

(b) Excludes re-exports and ships stores

(e) Estimate

(f) Forecasted (Australian Bureau of Agricultural and Resource Economics)

Source: Australian Bureau of Statistics

### III. BED-SHEETING

#### 1(c) Amount of Bounty Paid

<u>Year</u>	<u>Bounty Paid</u> \$A'000	<u>('000 sq m)</u>
1983/84	*729.8	3,649
1984/85	309.6	1,548
1985/86	386.4	1,782
1986/87	56.6	N/A
1987/88	600.0	N/A

\* Figure exceeds \$A600,000 because payments made in different twelve-month period to reporting year.

N/A: Not available.

#### Item 1(d) Rate of Bounty

The bounty is currently payable to the manufacturer at the rate of 16 cents per square metre of printed sheeting used in the manufacture of bed linen.

Prior to 20 August 1986 the rate of bounty was 20 cents per square metre. Under the post 1988\*TCF plan, this bounty is to be reviewed by 1 March 1993.

#### IV. 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 and terminated on 30 June 1987.

###### (b) Incidence

The bounty was 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>
1983/84	196
1984/85	189
1985/86	203
1986/87	169
1987/88	2

###### (d) Rate of Bounty

The bounty was payable to the producers of bountiable fruit at the rate of \$A80 per tonne when delivered to processors for processing.

#### V. BOOKS

##### 1. Nature and Extent of Bounty

###### (a) Background and Authority

The Bounty (Books) Act 1969 provided for payment of bounty on books and has been operative since 26 September 1969. The Act expired on 31 December 1986. A new scheme was introduced on 1 January 1987 and will remain in force until 31 December 1993 authorised by the Bounty (Books) Act 1986).

###### 1(c) Amount of Bounty Paid

The figures on amount of bounty paid are amended as follows:

\* Textile, Clothing and Footwear plan

Year	\$A'000	Bountiable Production No of Books
1983/84	17,604	67,979,160
1984/85	17,376	71,086,473
1985/86	18,817	63,882,166
1986/87	18,414	N/A
1987/88	20,773	N/A

(d) Rate of Bounty

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

Books

1 January 1969 - 31 December 1982	: 33.3%
1 January 1983 - 31 December 1983	: 30%
1 January 1984 - 19 August 1986	: 25%
20 August 1986 - 31 December 1986	: 20%
1 January 1987 - 31 December 1988	: 20%
1 January 1989 - 31 December 1989	: 18%
1 January 1990 - 31 December 1990	: 16%
1 January 1991 - 31 December 1991	: 14%
On or after 1 January 1992	: 13.5%

Free of Charge Paper or Binding Materials

1 January 1984 - 19 August 1986	: 20%
20 August 1986 - 31 December 1986	: 16.7%
1 January 1987 - 31 December 1988	: 16.7%
1 January 1989 - 31 December 1989	: 15.3%
1 January 1990 - 31 December 1990	: 13.8%
1 January 1991 - 31 December 1991	: 12.3%
On or after 1 January 1992	: 11.9%

2. Effect of Bounty

(a) Trade Effects

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

(b) Statistics

<u>Year</u>	<u>Imports (\$A'000)</u>	<u>Exports*1 (\$A'000)</u>
1982/83	203,360	21,330
1983/84	228,486	25,562
1984/85	260,363	21,905
1985/86	303,288	22,630
1986/87	303,308*2	29,833

- \*1 Australian Produce  
\*2 includes re-exports

Source: Australian Bureau of Statistics

VI. 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 1988.

(b) Incidence

The Act provides for the payment of a bounty on the use of certain locally produced components in the assembly or manufacture of general purpose commercial motor vehicles having a gross vehicle mass of 2.72 tonnes or more.

(c) Amount of Bounty Paid

<u>Year</u>	<u>\$A'000</u>
1983/84	4,150
1984/85	5,409
1985/86	4,422
1986/87	2,046
1987/88	1,352

(d) Rate of Bounty

The rate of bounty in 1985 was 20 per cent of the assembler's 'into-store' cost of the prescribed components in the assembly of the bountiable vehicle. From 1 January 1986 it is being phased down until termination of the bounty as follows:

1 January 1986 to 19 August 1986 : 16%  
20 August 1986 to 31 December 1986 : 12.8%  
1 January 1987 to 31 December 1987 : 9.6%  
1 January 1988 to 31 December 1988 : 6.4%

2. Effect of Bounty

(a) Trade Effects

The bounty provides reasonable assistance to local component manufacturers.

(b) Statistics

Relevant statistics are not separately recorded.

VII. COMPUTERS

1. Nature and Extent of Assistance

(a) Background

The Bounty (Computers) Act 1984 provides for the payment of bounty on the manufacture of computer hardware (of the type to which tariff headings 8471 and 8473 apply and similar hardware of a kind to which a general rate of duty of 2 per cent or less would apply under the Australian Customs Tariff). The introduction of the bounty coincided with the reduction in duties to minimum rates.

Additionally the Act also provides for bounty payments to computer-based machines of a kind to which headings 8469, 8470 and 8472 of the tariff would apply.

The Act commenced on 6 July 1984 and is due to terminate on 5 July 1990. It superseded the Automatic Data Processing Equipment Bounty Act 1977.

(b) Incidence

The Bounty is payable on equipment produced in Australia.

(c) Amount

<u>Year</u>	<u>\$A'000</u>
1984/85	1,532
1985/86	13,219
1986/87	19,320
1987/88	25,739



(d) Rate of Bounty

The bounty is payable to the manufacturer at the rate of 20 per cent of the in-house value added by the manufacturer and on certain sub-contracted activities such as operating systems, software development and research and development. On 1 July 1986 the product coverage of the Act was extended to include modems and multiplexers.

VIII. CULTIVATION MACHINES AND EQUIPMENT

1. Nature and Extent of Subsidy

(a) Background and Authority

The Subsidy (Cultivation Machines and Equipment) Act 1986 came into effect on 15 April 1986 and will terminate on 31 December 1990.

(b) Incidence

The Act provides for the payment of bounty on the manufacture of certain cultivation machines and equipment and on cultivation machines and equipment imported before 15 April 1986 but not sold before that date.

(c) Amount of Subsidy Paid

<u>Year</u>	<u>\$A million</u>
1986/87	5.3
1987/88	11.0

(d) Rate of Subsidy

The rate of subsidy payable on manufacture is an amount equal to 10 per cent of the sale value of the machine or equipment where it was manufactured before 15 April 1986. In any other case, the rate of subsidy is an amount equal to 10 per cent of the sale value less any subsidy or bounty, paid or payable, on components and 12 per cent of the value for duty of any imported components classified to tariff heading 8432 incorporated in the machine or equipment.

The subsidy payable in respect of any imported machine or equipment is an amount equal to the customs duties that have been paid in respect of that machine or equipment.

2. Effect of Subsidy

The subsidy has been designed to reduce the price of a range of equipment used in the rural sector without reducing returns received by local manufacturers of this equipment.

(a) Trade Effects

The bounty was designed to encourage the local industry to become internationally competitive. In July 1988 the Government was considering recommendations of the Industries Assistance Commission over future assistance arrangements.

(b) Statistics

Relevant statistics are not separately recorded.

IX DAIRY PRODUCTS

1. Nature and Extent of Assistance

(a) Background and Authority

For the period 1981-82 to 1984-85 the Government underwrote the gross equalised returns for butter, cheddar type cheeses, skim milk powder/buttermilk powder, casein and wholemilk powder. These arrangements were part of the stabilisation scheme operating during that period where returns to producers were influenced by a levy on domestic sales. Funds generated by these levies were disbursed over total sales (domestic and export) to provide manufacturers with an equalised return. When gross equalised returns fell below their underwritten values, the Government contributed the difference. The basis for underwriting was determined by an executive decision of the Government, authorising a budget appropriation to meet costs.

For the 1985/86 season underwriting operated only on average export returns and the underwritten value was determined as 90 percent of the average export price for the previous two years and an estimate for the current year.

Commencing with the 1986/87 season new marketing arrangements have operated for the dairy industry. The new arrangements assist the industry by supporting higher domestic prices than would otherwise be the case. However, the level of domestic price support will be progressively reduced to import parity with New Zealand products. The arrangements involve inter-industry and consumer transfers through the imposition of a levy, however, the upper limit of the levy is fixed and the arrangements expire in 1992.

The main provisions of the arrangements are:

- . A levy on all milk produced, the proceeds of which are used to make market support payments on export of all dairy products.

- . Supplementary market support payments funded from the previous scheme. These payments are financed by levies on domestic sales of butter/butteroil, cheddar type cheeses and are paid on all exported dairy products. The effect of these payments is to smooth the transition to the new arrangements. These payments were gradually being phased out (the cheese levy to be phased out entirely by 1 July 1989 and the butter levy halved), however a recent Government decision to terminate both product levies from 1 July 1989 will result in the complete cessation of supplementary market support payments in 1989.
- . The Government underwrites the average export returns for butter, cheddar type cheeses, skim milk powder, milk powder, casein and whole milk powder at 85 percent of their respective long-term trend prices. The products which are underwritten are prescribed by regulation as is the method to be used to determine the underwritten value. By executive decision of the Government, underwriting will be triggered if the actual average price for a product during a season is less than the underwritten value. Any Government contribution will be paid to the Australian Dairy Corporation to be used to supplement the funds derived from the levy on all milk produced.

The underwriting scheme complements the "potholing" element of the new market arrangements whereby market support payments will be increased if average prices fall below their underwritten value.

For figures on the manufacture of dairy products in Australia and on Australia's major dairy exports see Attachment A.

(b) Incidence

See Attachment B.

(c) Amount of subsidy paid

Attachment C provides details. These show that government contributions to the underwriting arrangements are minimal (they have been nil in most years). The trade effects of these payments have been correspondingly negligible.

X. DRIED VINE FRUITS

1(c) Amount of Subsidy

Underwriting payments totalled \$A1.321 million for the 1982 season but no payment was made for the 1983 to 1987 seasons' production.

2(c) Statistics

Season (a)	<u>Sultanas</u> (Tonnes)			
	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	52,800	12,528
1983	75,600	23,540	53,730	10,626
1984	80,710	21,035	59,335	10,960
1985	67,924	25,808	50,134	2,942
1986	87,140	25,687	51,268	10,205
1987(p)	57,247	20,146	35,518	5,771

(a) Season commencing 1 March

(b) Consumption figures do not include imports

(p) Preliminary

N.A. Not available

Source: Australian Dried Fruits Corporation

The table on Imports of Sultanas, Currants and Raisins is amended as follows:

1986/87	4,084.0
1987/88 (11 months to May 1988)	4,321.0

XI. FERTILISERS1. Nature and Extent of Subsidy(a) Background and Authority

The Fertilisers Subsidy Act 1986 provided for the payment of a subsidy on fertiliser containing nitrogenous or phosphatic substances which were sold for use in Australia as a fertiliser. The subsidy commenced on 20 August 1986 and ended on 30 June 1988.

(b) Incidence

The subsidy was payable on locally produced nitrogenous and phosphatic fertilisers; the benefit of the subsidy was required by law to be passed on to the consumer of the fertiliser.

(c) Amount of subsidy paid

	<u>\$A'000</u>
1986/87	49,093.0 #
1987/88	49,764.6 #

# These figures include carry over payments under the Phosphate Fertilizers Subsidy Act 1963 and the Nitrogenous Fertilizers Subsidy Act 1966.

(d) Rate of subsidy

- . In respect of nitrogenous fertilisers; \$A20 for each tonne of nitrogen content.
- . In respect of phosphatic fertilisers
  - where phosphorus content is less than 10 percent; \$A153 per tonne of phosphorus content
  - where phosphorus content is 10 percent or more, but less than 15 percent; \$A163 per tonne of phosphorus content
  - where phosphorus content is 15 percent or more: \$A188 per tonne of phosphorus content.

XII. GRAIN HARVESTERS AND EQUIPMENT1(c) Amount of Bounty Paid

<u>Year</u>	<u>\$A'000</u>
1985/86	5,650.0
1986/87	4,374.8
1987/88	3,944.2

2. Effect of Bounty(a) Trade Effects

The bounty enables local manufacturers to be more competitive and to reduce the price to farmers of harvesters produced in Australia. The bounty on harvesters imported before 21 August 1985 but not sold prior to that date enabled importers to sell those machines at a price comparable with machines imported duty-free after 21 August 1985.

Grain harvesters have entered Australia duty free since August 1985.

(b) Statistics

Relevant statistics are not separately recorded.

**XIII. 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 continue to operate until 9 October 1988.

**(c) Amount of Bounty Paid**

<u>Year</u>	<u>\$A'000</u>
1983/84	748.5
1984/85	579.9
1985/86	507.4
1986/87	330.0
1987/88	308.4

**XIV. METAL WORKING MACHINES AND ROBOTS**

**1. Nature and Extent of Bounty**

Higher bounties are payable on advanced technology items.

**(c) Amount of Bounty Paid**

<u>Year</u>	<u>\$A'000</u>
1986/87	7,743
1987/88	10,792

**2. Effect of Bounty**

**(a) Trade Effects**

The new Act is designed to encourage local production of metal-working machine tools by improving cost competitiveness against imports, without increasing the cost structure of user industries.

**2(b) Statistics**

Relevant statistics are not separately recorded.

**XV. 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 1 July 1995.

(b) Incidence

The 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 synthetic fibre yarns.

(c) Amount of Bounty Paid

<u>Year</u>	<u>\$A '000</u>
1983/84	882
1984/85	1,216
1985/86	1,916
1986/87	1,112
1987/88	1,095

(d) Rate of Bounty

From 1 January 1982 to 19 August 1986 payment to the printer was made at the rate of 70 per cent of the value added to the fabric by the printer. From 20 August 1986 to 31 December 1988 the rate of bounty is 56 per cent. Under the post 1988 TCF plan the bounty is to be phased down to a uniform rate of 30 per cent, effective on 1 July 1995.

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

The definition of bountiable items precludes the collection of comparable statistics for production and trade.

XVI. SHIP REPAIR1. Nature and Extent of Bounty(a) Background and Authority

The Bounty (Ship Repair) Act 1986 came into effect on 10 October 1986 to provide assistance to the Australian ship repair industry for a period of 3 years.

(b) Incidence

The bounty is payable to registered ship repairers on the carrying out of eligible repairs in Australia of bountiable ships. The Act provides for payment of a bounty for repairs to vessels in excess of 6,000 gross dead weight tonnes which are engaged in overseas trade.

The bounty is limited to \$6,000,000 over the 3 years of the scheme.

(c) Amount of Bounty Paid

<u>Year</u>	<u>\$A'000</u>
1986/87	181.1
1987/88	2,297.3

(d) Rate of Bounty

The bounty payable in respect of the eligible repairs of a ship pursuant to a repair contract or service contract are:

- . where the cost of the repairs does not exceed \$400,000 - the amount equal to 30% of that cost; and
- . where that cost exceeds \$400,000 - the sum of \$120,000 and an amount equal to 20% of the difference between that cost and \$400,000.

2. Effect of Bounty

(a) Trade Effects

The bounty enables ship repairers to compete by reducing the cost of repairs to both Australian and foreign vessel owners.

(b) Statistics

The Act has not operated for sufficient length of time to collect relevant statistics.

XVII. SHIPBUILDING

1. Nature and Extent of Bounty

(b) Incidence

Since 6 June 1985, bounty has been payable to shipbuilders in respect of all vessels built meeting the specifications. The bounty was initially payable at a rate of 22.5 per cent on a "cost of construction" basis. It phased down to a rate of 20 per cent in July 1986. Fishing and rig service vessels, tugs and bulk carriers remain at that rate but since 1 January 1988 all other vessels receive only 15% bounty assistance. It 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 \$A400,000.



(c) Amount of Bounty Paid

Year	Bounty Paid Under	
	Ship Construction Bounty Act \$A million	Bounty (Ships) Act \$A million
1983/84	0.04	26.61
1984/85	0.04	28.50
1985/86	0.024	38.74
1986/87	-	42.00
1987/88*	-	37.23

\* The amount of bounty paid under the Bounty (Ships) Act in 1987/88 was \$A37.23 million. 1987/88 figures are not available for the Ship Construction Bounty Act.

(b) Statistics

Relevant statistics are not separately recorded.

XVIII. STEEL MILL PRODUCTS

1. Nature and Extent of Bounty

(c) Amount of Bounty Paid

<u>Year</u>	<u>\$A'000</u>
1983/84	7,424.7
1984/85	51,948.8
1985/86	17,954.6
1986/87	26,363.0
1987/88	23,940.5

XIX. STEEL PRODUCTS: HIGH ALLOY

1. Nature and Extent of Bounty

(b) Incidence

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

(c) Amount of Bounty Paid

<u>Year</u>	<u>\$A'000</u>
1983/84	1,523
1984/85	1,653
1985/86	3,125
1986/87	6,875
1987/88	3,453

2. (b) Statistics

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

XX. SUGAR

1. Nature and Extent of Rebate/Subsidy

(a) Background and Authority

There are two separate measures. One consists of a rebate funded by the Australian sugar industry for exports of (approved) sugar-containing products. The other is a three-year program for Government emergency and adjustment assistance. This assistance is known as the Sugar Industry Plan.

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

In addition, as a short-term measure, it was announced in the 1986/87 Budget that following agreement with the Queensland and New South Wales Governments, the Commonwealth will provide assistance to the sugar industry of up to \$A100 million over the three years to 30 June 1989. This is part of a package of assistance measures for the industry to be funded by the Commonwealth and the two States on a \$A2 for \$A1 cost-sharing basis. Up to \$A54 million of the \$A100 million was made available to support No. 1 Sugar Pool returns to a maximum of \$A230, \$A225 and \$A220 per tonne for the 1985, 1986 and 1987 seasons respectively (each season's price support will be paid in the financial year following closure of the relevant Pool). The price support element of the plan was designed to provide the industry with a degree of confidence which would facilitate the adjustment and deregulation measures which need to be taken to improve international competitiveness.

(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 approved products according to the sugar content of those products.

(c) Amount of Rebate

Year	<u>\$A'000</u>
1983/84	1,400
1984/85	2,621
1985/86	2,521
1986/87	2,584
1987/88 (p)	3,400 (p)

(p) preliminary

(d) Estimated Amount Per Unit

## Rebate Arrangement

Rebates are declared monthly and paid regularly on the basis of approved applications. The rebate for August 1988 was \$A nil per tonne.

## Sugar Industry Plan

In 1986/87 the Commonwealth provided \$A23.4 million made up of \$A14.6 million in price support relating to the 1985 season and \$A8.8 million in industry adjustment assistance. In 1987/88 the Commonwealth provided \$A2.8 million for industry adjustment assistance. Given increases in returns following a lift in world prices, no price support was required in respect of the 1986 and 1987 seasons.

Effect of Rebate(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 about ruling free-market levels overseas. Its effect when the world price is below the Australian price is to place Australian exporters of these products in the same position as if they 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 and Exports  
( '000 Tonnes - Raw Value 96° degrees)

<u>Year</u>	<u>Production</u>	<u>Consumption</u>	<u>Exports</u>
1983	3,256.3	759.8	2,425.3
1984	3,626.5	749.5	2,590.6
1985	3,438.5	764.4	2,651.4
1986	3,438.7	817.8	2,709.9
1987(p)	3,510.8(p)	817.8(p)	2,826.5(p)

(p) Preliminary

Source: International Sugar Organisation (ISO) Year Books and ISO Statistical Bulletins.

XXI. TEXTILE YARNS

1. 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 1 July 1995. This Act superseded the Bounty (Polyester-Cotton Yarn) Act 1978 which was terminated on 31 December 1981.

(b) Incidence

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

(c) Amount of Bounty Paid

<u>Year</u>	<u>\$A'000</u>
1983/84	73,488
1984/85	82,674
1985/86	84,213
1986/87	82,456
1987/88	88,507

(d) Rate of Bounty

The bounty is payable to persons performing eligible processes in production of bountiable yarns, as percentages of value added. From 1 January 1982 to 19 August 1986 percentages of value added varied 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 produce carpets. From 20 August 1986 to 31 December 1988 percentages of value added vary from 47.2 per cent down to 26.4 per cent for discontinuous coarse acrylic yarns man-made fibres and wool blend yarns used for carpets etc. Under the post 1988 TCF plan the varying bounty rates are to be phased to a uniform rate of 30 per cent effective on 1 March 1994.

ATTACHMENT A

MANUFACTURE OF DAIRY PRODUCTS : 1980-81 TO 1986-87  
(Tonnes)

	Butter (a)	Cheese (b)	Condensed concentrated and evaporated milk	Milk dried or in powdered form	Infants, invalids and health beverages(d)	Buttermilk	Casein	Full	
								cream (c)	Skim
1980-81	79,374	134,801	58,931	20,076	74,842	54,314	29,742	6,610	13,635
1981-82	76,396	153,281	39,080	19,767	59,035	76,498	29,513	5,845	8,154
1982-83	88,338	158,200	33,017	20,184	52,031	89,646	27,709	8,407	11,393
1983-84	111,280	161,094	38,738	20,869	46,683	113,276	31,548	9,864	13,057
1984-85	113,939	159,575	43,913	22,332	46,604	138,229	26,155	10,415	8,321
1985-86	104,900	170,260	29,785	18,997	52,086	124,823	29,342	7,860	8,680
1986-87	103,855	177,469	39,975	20,402	65,308	128,472	29,469	8,435	8,236

(a) Factory production. Includes butter equivalent of direct butter oil production

(b) Non-processed cheese only

(c) Includes sweetened and unsweetened milk and coffee and milk mixtures, however, sweetened milk excluded in 1985/86

(d) Includes malted milk

Source: Production Bulletin No 3 : Food, Drink and Tobacco Australia, July 1987 (and previous issues).  
Australian Bureau of Statistics

**(b) Incidence**

The underwritten values which have applied are as follows:

Production period	Butter	Chesse (a)	Skim Milk Powder	Casein	Whole Milk Powder
		(SA per tonne)			
1981-82	1,555	1,490	835	2,085	1,110
1982-83	1,850	1,575	875	2,155	1,150
1983-84	2,020	1,709	915	2,196	1,269
1984-85	1,885	1,721	846	2,126	1,228
1985-86	1,144	1,279	719	2,001	1,004
1986-87	1,096	1,308	828	2,138	1,175
1987-88	1,027	1,385	972	2,383	1,211

(a) Types of cheese covered are Cheddar, Stirred Curd, Granular, Colby, Cheadan, Monterex and processed chesse (natural cheese equivalent). Gouda was covered by the underwriting arrangements until 1961-62, but was removed from the arrangement for the 1982-83 and subsequent seasons.

In the 1980-81, 1981-82 and 1982-83 seasons, underwritten values were not triggered. (The trigger point is set at 85 per cent of the long-term trend price). For the 1983-84 season, however, underwritten values for butter and skim milk powder were triggered and for the 1984-85 season, the underwritten value for butter was triggered.

For the 1985-86 and 1986-87 season, it is not expected that underwritten values will be triggered.

(c) Amount of subsidy paid

The budgetary cost of underwriting prescribed dairy products::

1981-1982 to 1986-1987 (\$A'000)

Production period	1981-82	1982-83	1983-84(a)	1984-85(a)	1985-86(a)	1986-87	1987-88
Butter	nil	nil	8,175	665	nil	nil	nil
Cheese	nil	nil	nil	nil	nil	nil	nil
SNP	nil	nil	5,375	nil	nil	nil	nil
Casein	nil	nil	nil	nil	nil	nil	nil
WMP	nil	nil	nil	nil	nil	nil	nil
TOTAL	nil	nil	13,548	665	nil	nil	nil

(a) Estimate by Department of Primary Industries and Energy

2. Effect of subsidy

(a) Trade effects

The basic objective for underwriting is to protect producers against unexpected and sharp falls in market returns without masking underlying long-term market trends.

ATTACHMENT D

MAJOR DAIRY EXPORTS : (AUSTRALIAN PRODUCE) 1980-81 TO 1986-87  
(Tonnes)

	Butter and butter concentrate including ghee	Butteroil	Cheese	Casein	Milk preserved, condensed, concentrated etc.	Milk dried or in powdered form	Milk and ice cream, baby cream	Sweetened Unsweetened	Full cream	Skim	Foods	Mix Tonnes	'000 lts
1980-81	10,805	4,182	54,072	10,490	7,081	48,221	5,840	13,601	1,110	-	-	-	-
1981-82	5,045	1,683	57,416	9,180	3,575	43,821	27,569	12,915	62	-	-	-	-
1982-83	7,674	7,876	53,931	10,238	3,921	35,127	36,400	10,766	65	-	-	-	-
1983-84	22,790	6,960	54,545	10,210	3,091	29,639	60,620	12,747	511	-	-	-	-
1984-85	21,840	21,288	67,456	7,354	2,448	31,265	91,314	11,745	481	23*	-	-	-
1985-86	25,073	19,836	66,095	5,319	3,524	34,818	74,630	11,317	-	38	-	-	-
1986-87	8,398	20,470	62,117	7,488	3,765	44,879	81,688	16,615	-	248	-	-	-

\* from 1 January 1985 recorded in '000 litres

Source: Australian Bureau of Statistics