GENERAL AGREEMENT ON

TARIFFS AND TRADE

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AUSTRALIA

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

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I. AGRICULTURAL TRACTORS AND EQUIPMENT

This bounty terminated in September 1987.

II. APPLE AND PEAR UNDERWRITING SCHEME

1. Nature and extent of the subsidy

(a) Background and authority

An underwriting scheme for apples and pears operates under the Apple and Pear Export Underwriting Act 1981. It was implemented at the beginning of the 1981 apple and pear export season and revised at the end of the 1985 export season. The revised scheme will operate until the end of the 1990 export season when it will be again reviewed.

The aim of the scheme is to give the apple and pear industries security against sudden, sharp and rapid declines in prices in export markets without masking from the industry basic underlying price trends in the world market.

(b) Incidence

The export underwriting arrangements apply to all exports of apples and pears. The Government guarantees, separately for apples and pears, with respect to forward and at risk export sales, a minimum return of 85 per cent of the average of the annual returns for exports of the particular fruit over the best three of the preceding four seasons.

(c) Amount paid

Under the past arrangements, which applied in the 1981 to 1985 export seasons, underwriting payments were made on apple exports in 1981 only ($A 4.8m). There were no payments on pear exports. During the period 1982 to 1985, average returns were above the guaranteed minimum export prices for both apples and pears and consequently no payments were made under the underwriting scheme. No underwriting payments were required for the period to 1987. A payment on pears exported at risk during the 1988 season of $A1.8 million was made.

(d) Rate of subsidy

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

2. Effect of subsidy

(a) Trade effects

Underwriting serves to compensate growers against some of the impact of sudden downturns in prices realized on world markets. However, it does not mask longer-term changes in the market, including downward trends in returns from exports.

(b) Statistics

Fresh Apples and Pears
Production, Exports
(Kilo-Tonnes)

Year	Production (a)	Exports (b)
Apples		
1984/85	352	19
1985/86	292	30
1986/87	362	29
1987/88	304	34
1988/89 (p)	344	21
Pears		
1984/85	139	31
1985/86	143	35
1986/87	151	36
1987/88	163	39
1988/89 (p)	140	21

(a) Based on crop year 1 April to 31 March
(b) Excludes re-exports and ships stores
(p) Provisional

Source: Australian Bureau of Statistics

III. BED-SHEETING

1 Nature and extent of bounty

(a) Background and authority

The Bounty (Bed Sheeting) Act 1977 provides for the payment of a bounty on certain bed sheeting. It commenced operation on 1 January 1977, but was extended retrospectively to bountiable products produced after 1 September 1976. The Act may be terminated by proclamation.

(b) Incidence

The Bounty is payable on certain polyester cotton bed sheeting woven, printed and made up into bed linen by the manufacturer. The maximum payment in any twelve-month period (defined as 1 November to 31 October) was $A 600,000 until 28 February 1989. The annual limit in cash outlays to manufacturers was increased to $3.2 million with effect from 1 March 1989. Bounty is not payable on exported bed sheeting.

(c) Amount of bounty paid

Year	Bounty Paid $A'000	('000 sq m)
1983/84	*729.8	3,649
1984/85	309.6	1,548
1985/86	386.4	1,782
1986/87	56.6	283
1987/88	600.0	3,750
1988/89	1,312.9	7080

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

(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.

2. Effect of bounty

(a) Trade effects

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

(b) Statistics

Trade statistics relating to bed sheeting are not separately recorded.

IV. BERRY FRUITS

A bounty no longer applies - ceasing in June 1987.

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.

(b) Incidence

Bounty is payable on approved books manufactured in Australia. Initially, approved books were those registered for transmission through the post as a book. In 1970, it was decided that the eligibility should be by reference to tariff classification together with a requirement that the book must have a minimum number of pages. In 1980 the Government further restricted eligibility to a minimum run of 1,000 copies in the same production run. This was said to be the minimum amount by which the industry could reasonably remain competitive against imports.

1(c) Amount of Bounty Paid

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

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
1988/89	25,512	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

Year	Imports ($A'000)	Exports*[1] ($A'000)
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	29,833
1987/88	401,923	36,923
1988/89	440,234	N/A

*[1] Australian Produce

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 terminated on 31 December 1988.

(b) Incidence

The Act provided 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

Year	$A'000
1983/84	4,150
1984/85	5,409
1985/86	4,422
1986/87	2,046
1987/88	1,352
1988/89	969

(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 was phased down until termination of the bounty on 31 December 1988.

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

2. Effect of Bounty

(a) Trade Effects

The bounty provided 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 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

Year	$A'000
1984/85	1,532
1985/86	13,219
1986/87	19,320
1987/88	25,739
1988/89	31,053

(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, multiplexers and power controllers.

2. Effect of bounty

Bounty enables local manufacturers of computer and related hardware to become more competitive against imports.

(b) Statistics

Statistics relating to computer hardware are not separately recorded.

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 terminated on 13 April 1989.

(b) Incidence

The Act provided 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

Year	$A million
1986/87	5.3
1987/88	11.0
1988/89	12.0

(d) Rate of Subsidy

The rate of subsidy payable on manufacture was 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 was 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 was an amount equal to the customs duties that had been paid in respect of that machine or equipment.

2. Effect of Subsidy

The subsidy was 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.

(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 May 1988 Government decision to terminate both product levies from 1 July 1989 has resulted in the complete cessation of supplementary market support payments in 1989-1990.

- 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 export 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 to a maximum of 30 percent of the underwritten values of the respective products.

For figures on the manufacture of dairy products in Australia, see Attachment A.

(b) <u>Incidence</u>

See Attachment B

(c) <u>Amount of subsidy paid</u>

Attachment C provides details. This shows 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.

2. <u>Effect of subsidy</u>

(a) <u>Trade effects</u>

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

(b) Statics

See Attachments.

DRIED VINE FRUITS

1. Nature and extent of subsidy

(a) Background and authority

The Australian Government introduced, through 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. In 1985 the Government introduced changes to the Dried Sultana Production Underwriting Act, following its consideration of an Industries Assistance Commission report on its inquiry into the dried vine fruits industry. The new arrangements apply to the 1986 to 1990 seasons inclusive.

(b) Incidence

The underwriting arrangement applicable to the 1982 to 1984 seasons inclusive was based on the Government guaranteeing minimum returns per tonne from production in those seasons equal to 90 per cent of the average of net returns at packing houses in the preceding two seasons and the estimated net return for the current season. For the 1985 season the guaranteed minimum return was 95 per cent of the three-year average net return. If the net return for a season was less than the guaranteed level, an underwriting payment equal to the difference was made on the total production in that season.

The new underwriting arrangement is based on the Government guaranteeing minimum returns per tonne from production in each of the 1986 to 1990 seasons equal to 80 per cent of averageexports returns at the free-on-board (f.o.b.) level in the preceding three seasons. 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.

(c) Amount of Subsidy

Underwriting payments totalled $A1.321 million for the 1982 season. Since then there have been no further payments.

(d) Estimated amount per unit

Underwriting payments amounted to $A 16.38/tonne for 1982 season sultanas.

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 new arrangement provides for the guaranteed minimum return to be set at only 80 per cent of the average export return over the preceding three seasons. For these reasons it is expected that the underwriting arrangement will encourage adjustment to long-term market trends.

(b) Statistics

Sultanas
(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	52,800	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	N/A
1987	57,526	23,911	40,917	N/A
1988	71,794	22,238	49,806	N/A
1989 (p)	56,463	19,139	35,686	N/A

(a) Season commencing 1 March
(b) Consumption figures do not include imports
(p) Preliminary

N/A Not available

Source: Australian Dried Fruits Corporation

Imports of sultanas, currants and raisins

	(Tonnes)
1980/81	0.8
1981/82	0.2
1982/83	221.1
1983/84	2,472.9
1984/85	2,782.9
1985/86	2,453.0
1986/87	4,084.0
1987/88	4,747.0
1988/89	6,045.9

Source Australian Bureau of Statistics

The general tariff rate on imported dried vine fruit is currently 21% ad valorem (5% preferential margin for developing countries). The general rate will be gradually phased down to 15% by 1 July 1992.

XI. FERTILISERS

1. 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 terminated on 1 July 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

	$A'000
1986/87	49,093.0 #
1987/88	49,764.6 #
1988/89	12,646.6 /

/ Payments to meet outstanding claims.

These figures include carry over payments under the Phosphate Fertilizers Subsidy Act 1963 and the Nitrogenous Fertilizers Subsidy Act 1966.
Note that payments made in 1988/89 related to production in 1987/88.

(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 EQUIPMENT

1. Nature and extent of bounty

(a) Background and authority

The Subsidy (Grain Harvesters and Equipment) Act 1985 came into effect on 21 August 1985 and terminated on 13 April 1989.

(b) Incidence

The Act provided for the payment of bounty on the production of certain grain harvesters and equipment and on harvesters and equipment imported before 21 August 1985 but not sold before that date.

(c) Amount of Bounty Paid

Year	$A'000
1985/86	5,650.0
1986/87	4,374.8
1987/88	3,944.2
1988/89	2,560.5

(d) Rate of bounty

The rate of bounty payable on production was an amount equal to 10 per cent of the sale value of the harvester in cases where the value added to the harvester by the manufacturer was not less than 40 per cent of the sale value. In any other case, and in the case of harvester equipment, the rate of bounty was an amount equal to 20 per cent of the value added by the manufacturer.

The bounty payable in respect of an imported harvester was an amount equal to the customs duties that have been paid in respect of that harvester.

2. Effect of Bounty

(a) Trade Effects

The bounty enabled 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, since which time grain harvesters have entered Australia duty free.

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 terminated on 31 October 1988.

(b) Incidence

The Act provided for the payment of a bounty on injection moulding machines and parts manufactured at registered premises and sold for use in Australia or used by the manufacturer in Australia.

(c) Amount of Bounty Paid

Year	$A'000
1983/84	748.5
1984/85	579.9
1985/86	507.4
1986/87	330.0
1987/88	308.4
1988/89	149.4

(d) Rate of bounty

The bounty rate was initially 45 per cent of the value added by the manufacturer and was reduced in yearly steps of 10 per cent with 5 per cent being payable in the year commencing 23 May 1983. A temporary additional bounty of 20 per cent was announced in June 1983 and on 10 October 1984 the Government announced that the bounty would be paid at the rate of 20 per cent for two years, and 10 per cent for the two years thereafter. In August 1986 the current bounty rate was reduced to 16 per cent (until 31 October 1986) reducing to 8 per cent thereafter. These arrangements terminated on 31 October 1988.

The total cost of the bounty over the two year period ending 31 October 1988 was limited to $A800,000.

2. Effect of bounty

(a) Trade effects

The bounty had been designed to enable the Australian industry to restructure and improve its cost effectiveness against imports, without increasing the cost structure of user industries.

XIV. METAL WORKING MACHINES AND ROBOTS

1. Nature and Extent of Bounty

(a) Background and authority

The Bounty (Metal Working Machines and Robots) Act 1985 came into effect on 1 July 1985 and is scheduled to terminate on 30 June 1991 or such later day, not being a day later than 30 June 1992, as fixed by the Minister by notice.

It replaced the Bounty (Metal-Working Machine Tools) Act 1978 which had been extended for a year beyond its initial finishing date of 30 June 1984 (pending the Government's consideration of an IAC report on the industry).

(b) Incidence

The Act provides for payment of bounties on locally manufactured items including metal-working machines, robots, certain other advanced metal-working machinery, parts and accessories. Machine modification activities may also qualify for bounty assistance.

The Act covers a much wider range of activities than those covered under the previous Act and has also been extended to include some exported items.

Higher bounties are payable on advanced technology items.

(c) Amount of Bounty Paid

Year	$A'000
1986/87	7,743
1987/88	10,792
1988/89	15,519

(d) Rate of bounty

The rates of bounty payments are as follows:

(i) From 1 July 1986 to 19 August 1986 high technology machines and parts (e.g. numeric and numeric-computer-controlled machines and flexible manufacturing systems) were bountiable at the rate of 35 per cent of the value added by the manufacturer. From 20 August 1986 to termination of the Act the rate will be 28 per cent of value added.

(ii) Low technology machines and parts (i.e. machines with standard controls), were bountiable at the rate of 25 per cent of value added. From 20 August 1986 to termination of the Act the bountiable rate will be 20 per cent of value added.

(iii) Modifications and upgrading activities where the factory cost per machine is not less than $A 20,000 were bountiable at the rate of 25 per cent of value added. From 20 August 1986 to termination of the Act, the rate of bounty is 20 per cent of value added.

2. Effect of Bounty

(a) Trade Effects

The bounty 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.

(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

Year	$A'000
1983/84	882
1984/85	1,216
1985/86	1,916
1986/87	1,112
1987/88	1,095
1988/89	936

(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 28 February 1989 the rate of bounty was 56 per cent. From 1 March 1989 the rate of bounty was 53 per cent and is to phase down to 30 per cent by 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 REPAIR

1. 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. The bounty terminated on 9 October 1989.

(b) Incidence

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

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

(c) Amount of Bounty Paid

Year	$A'000
1986/87	181.1
1987/88	2,297.3
1988/89	3,199.1

(d) Rate of Bounty

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

- where the cost of the repairs did not exceed $400,000 - the amount equal to 30% of that cost; and
- where that cost exceeded $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 enabled ship repairers to compete by reducing the cost of repairs to both Australian and foreign vessel owners.

(b) Statistics

Relevant statistics are not separately recorded.

XVII. SHIPBUILDING

The residual controls on the importation of second-hand vessels to Australia were removed on 28 November 1988. Ships are now treated the same as any other imports.

1. Nature and Extent of Bounty

(a) Background and Authority

The Bounty (Ships) Act 1989 came into effect on 1 July 1989 providing for a phase out of bounties to shipbuilders. It replaced the Bounty (Ships) Act 1980.

(b) Incidence

Bounties payable in respect of shipbuilding and modifications will cease by 30 June 1995. For the two years from 1 July 1989, bounty will be payable at 15% of construction costs followed by two years at 10% and a further two years at 5%.

(c) Amount of bounty paid

Year	Bounty Paid Under Bounty (Ships) Act $A million
1983/84	26.61
1984/85	28.50
1985/86	38.74
1986/87	42.00
1987/88	37.23
1988/89	44.97

(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.

(b) Statistics

Relevant statistics are not separately recorded.

XVIII. 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 terminated on 31 December 1988.

(b) Incidence

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

(c) Amount of Bounty Paid

Year	$A'000
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
1988/89	3,638.7

2. Effect of bounty

(a) Trade effects

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

(b) Statistics

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

XIX. STEEL PRODUCTS: HIGH ALLOY

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 terminated on 31 December 1988.

In May 1986 the Government amended this Act by introducing separate bounty rate schedules for high alloy bar products and stainless steel flat products to replace the single schedule covering both products.

(b) Incidence

The bounty was 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 was paid on the local manufacture of these products providing they are sold for use in Australia. Steel bounties terminated on 31 December 1988.

(c) Amount of Bounty Paid

Year	$A'000
1983/84	1,523
1984/85	1,653
1985/86	3,125
1986/87	6,875
1987/88	3,453
1988/89	2,230

(d) Rate of bounty

A bounty no longer applies.

On 19 August 1986 all bounty rates were reduced by 20 per cent and the maximum rate for both bar and flat products became 16 per cent.

3. Effect of bounty

(a) Trade effects

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

(b) Statistics

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

XX. SUGAR

1. Nature and Extent of Rebate/Subsidy

(a) Background and Authority

The two measures previously notified ended on 30 June 1989. One consisted of a rebate funded by the Australian sugar industry for exports of (approved) sugar-containing products. The other was a three-year program for Government emergency and adjustment assistance which ran from 1986-87 to 1988-89. This assistance was known as the Sugar Industry Plan.

Rebate

Operating under an agreement between the Commonwealth and Queensland Governments there was until 1 July 1989, a system of rebating part of the price of the sugar content of certain manufactured products exported. This arrangement had operated for over forty years and the cost of the rebate was borne by the Australian sugar industry. As rebates are payable up to six months after the month of export, exporters will be able to claim a rebate under these arrangements up to 31 December 1989.

As a consequence of the Commonwealth Government's decision to replace the sugar import embargo with tariffs and to terminate the administered domestic pricing arrangements, both with effect from 1 July 1989, the rebate scheme has been replaced by commercial arrangements between raw and refining sector bodies and exporters of manufactured products containing sugar.

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 would provide assistance to the sugar industry of up to $A100 million over the three years to 30 June 1989. This was 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 needed to be taken to improve international competitiveness. Notwithstanding the ending of the assistance program, some industry adjustment projects approved during the term of the program are still to be completed.

(b) Incidence

When the world free-market price for sugar, expressed on a comparable basis, was 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 were granted to exporters of approved products according to the sugar content of those products. With domestic prices now reflecting world prices plus duty, the commercial arrangements have a similar aim to the previous system.

(c) Amount of Rebate

Year	$A'000
1984/85	2,621
1985/86	2,521
1986/87	2,584
1987/88	3,404
1988/89	2,521

Sugar Industry Plan

In 1986/87, as a short-term measure, 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 and 1988/89 the Commonwealth provided $A2.9 million and $A2.9 million respectively for industry adjustment assistance. Given increases in returns following a lift in world prices, no price support was required in respect of the 1987/88 and 1988/89 financial years.

2. Effect of Rebate

(a) Trade Effects

The rebate which was paid by the industry was 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 intended effect when the world price was below the Australian price was to ensure that Australian exporters of these products were not disadvantaged with respect to their overseas competitors with access to sugar at world prices. It was 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)

Year	Production	Consumption	Exports
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	3,510.8	817.3	2,826.5
1988	3,759.4(p)	844.3(p)	2,980.0(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

Year	$A'000
1983/84	73,488
1984/85	82,674
1985/86	84,213
1986/87	82,456
1987/88	88,507
1988/89	87,293

(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 woollen spun wool used for apparel blankets, etc end uses (but not for wool carpets). From 20 August 1986 to 2. December 1989 percentages of value added varied from 47.2 per cent for continuous polymide and polyester yarns down to 26.4 per cent for coarse acrylic yarns and woollen yarns. 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.

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

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

XXII. WHEAT

1. Nature and Extent of Assistance

(a) Background and Authority

Since 1 July 1989 new wheat marketing arrangements have been in place for the marketing of the Australian wheat crop.

Under the new arrangements wheat growers have the option of selling direct to users, to traders or to the Australian Wheat Board (AWB) for use domestically. The AWB retains its monopoly over export of wheat. Wheat delivered to the AWB may be bought by the AWB under contracts negotiated between the AWB and the grower or may be delivered to pools set up by the AWB for various grades of wheat.

Growers who deliver wheat to a pool receive one or more advance payments as determined by the AWB against the estimated net return from that pool. Borrowings by the AWB to fund such advance payments are underwritten by the Commonwealth Government to the extent of 90% (in the first season) of the estimated total net return from all pools in that season as determined by the Minister for Primary Industries and Energy. The percentage figure applicable to the underwriting guarantee will phase down to 80% in the fifth season of these arrangements which will thereafter cease, subject to a proposed review. The Government does not set the level or timing of the advance payments. These are determined by the AWB in consultation with the Grains Council of Australia (the body representing wheat growers interests).

Pools may be closed at any time when the AWB considers that the returns will not be significantly changed by continuing the pool. For most pools this is expected to be some three years after the season in which the wheat is delivered. At that time the AWB will determine the actual net return per tonne for the pool (less all AWB operating costs) and make a final payment to growers if that return exceeds the total of advance payments already made.

Growers may apply for a payment in lieu of a final payment or request a certificate of entitlement stating a growers' equity in one or more open pools.

(b) Incidence

All wheat produced in Australia, meeting minimum quality standards is eligible to be delivered to AWB pools and be paid for through the underwritten borrowings arrangement.

(c) Amount of Subsidy Paid

As the system was only introduced in the 1989/90 season for which harvesting is yet to commence, no payments have been made to date. It has been estimated that had the current system been in operation over the last ten years, the Government would not have been liable to any payouts under the underwriting arrangements.

Under previous underwriting arrangements which were based on 95% of a three year moving average of returns, a payment was required in respect of only one season's crop - the 1986/87 season's crop. For that year the pool deficit has been estimated to be $A15.75 per tonne due to the exceptional fall in world prices in 1986. The Government made an advance payment in respect of that pool to the AWB in June 1988 of

$A167.4 million. It is expected that an additional payment of around $A40 million will be required when the pool is closed. This is anticipated to occur early in 1990.

2. Effect of Assistance

(a) Trade Effects

The underwriting arrangements are provided to pay a relatively high first advance to growers delivering wheat to pools. The Minister determines the expected return before 1 October each year and again around 1 March the following year. An underwriting payment by the Government under the system would only occur following a significant unexpected decline in wheat prices after the Minister's price determination.

As the price to be underwritten is based on actual expected returns for a season, market signals will be transmitted to growers. Accordingly, the trade effects will be minimal.

(b) Statistics

MILLION TONNES

Year	Production	Consumption	Imports	Exports
1986/87	16.8	2.5	0	15.0
1987/88	12.4	3.5	0	12.2
1988/89	14.6	3.6	0	10.9

XXIII. SENSITISED PHOTOGRAPHIC FILM

1. Nature and Extent of Subsidy

(a) Background and Authority

The bounty was announced by the Minister for Industry, Technology and Commerce on 31 October 1989. Legislative procedures have not yet been completed. The Bounty (Sensitised Film) Bill 1989 is currently before Parliament.

(b) Incidence

Bounty will be paid on colour filter halide photographic film sensitised and finalised in Australia.

(c) Amount of Bounty Paid

A maximum amount of $12m per year will be paid for three years from 1 January 1990 to 31 December 1992.

(d) Rate of Bounty

Bounty will be paid at the rate of $2.75 per square metre.

2. Effect of Bounty

(a) Trade Effects

The bounty is designed to assist the industry restructure its operations. The bounty payments are conditional on the manufacturer meeting certain R & D, productivity and investment commitments over the life of the bounty.

(b) Statistics

As the bounty has not yet come into effect there are no statistics.

ATTACHMENT A

MANUFACTURE OF DAIRY PRODUCTS : 1980-81 TO 1987-88
(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	Full cream	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
1987-88	94,241	176,303	39,314	24,061	63,743	120,010	28,254	7,838	8,954

(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

ATTACHMENT B

(b) Incidence

The underwritten values which have applied are as follows:

Production period	Butter	Cheese (a)	Skim Milk Powder	Casein	Whole Milk Powder
		($A per tonne)			
1981-82	1,655	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
1988-89	1,060	1,497	1,267	3,174	1,363

(a) Types of cheese covered are Cheddar, Stirred Curd, Granular, Colby, Cheedam, Monterex and processed cheese (natural cheese equivalent). Gouda was covered by the underwriting arrangements until 1981-82, 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, 1986-87 and 1987-88 seasons, underwritten values were not triggered.

(c) Amount of subsidy paid

The budgetary cost of underwriting prescribed dairy products:

1981-1982 to 1987-1988 ($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
SMP	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