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FERTILISERS SUBSIDY BILL 1986

Date introduced: 12 November 1986
House: Senate
Presented by: Senator the Hon. John N. Button,
Minister for Industry, Technology
and Commerce

DIGEST OF BILL

Purpose

To introduce new assistance arrangements for locally produced nitrogenous and phosphatic fertilisers and to remove assistance from imported fertilisers.

Background

In its Economic and Rural Policy Statement of April 1986, the Government stated that subsidies on nitrogenous and phosphatic fertilisers amounted to the largest single assistance measure directed specifically to the rural section.[1]

Consumption of manufactured phosphatic fertilisers currently receives subsidy assistance under the **Fertilisers Subsidy Act 1963**, while subsidies for the consumption of manufactured nitrogenous fertilisers are provided under the **Nitrogenous Fertilisers Subsidy Act 1966**. These subsidies, currently worth approximately \$55 million per year, were scheduled to expire on 30 June 1986[2].

Following consideration of the Industries Assistance Commission's Report on Fertilisers and an interdepartmental review of policies affecting fertiliser prices, the Government decided to continue the consumption subsidies until 30 June 1989, a decision which was announced in the 1986-87 Budget. At the same time, the Government announced that subsidies on imported fertilisers would cease, with the resulting savings being used to increase the consumption subsidy on locally produced phosphatic fertilisers.[3]

The new arrangements, which will be implemented by this Bill, are designed to give effect to the Government's stated objectives of assisting local manufacturers of fertilisers, while providing the same overall assistance to farmers as is available under the current subsidy arrangements[3].

Main Provisions

Clause 4 contains the interpretation provisions. The more significant ones are:

- . "subsidised goods" - subsidised nitrogenous or phosphatic substances;
- . "subsidised nitrogenous substance" - a manufactured chemical compound, composed partly of nitrogen, which has not been subject to biological processes at any stage of its production; and
- . "subsidised phosphatic substance" - a chemical compound composed partly of phosphorus; and
- . "subsidy period" - from 20 August 1986 to 30 June 1989.

Subsidy will be payable to the producer of subsidised goods on their production in Australia, provided the goods were produced at registered premises and, during the subsidy period, were sold by the producer for use in Australia as a fertiliser, or used by the producer in the production of fertiliser mixture, or sold by the producer to another person for the production of fertiliser mixture (clause 9).

If the Comptroller-General of Customs is not satisfied that the purchase prices being charged by a producer pass on the full benefit of the subsidy, the Comptroller may direct that subsidy will not be paid to that producer (clause 10).

Subsidy for subsidised nitrogenous substances will be payable at the rate of \$20 for each tonne of the nitrogen content of the substance (clause 11).

Clause 12 will provide that the rate of subsidy for a subsidised phosphatic substance is to be, for each tonne of the phosphorus content, as follows:

- . where the available phosphorus content of the substance is less than 10 per cent, \$153 per tonne;
- . where the available phosphorus content of the substance is 10 per cent or more but less than 15 per cent, \$163 per tonne;
- . otherwise, \$188 per tonne.

Premises that are used solely or principally for industrial or commercial purposes may be registered with the Comptroller. The Comptroller may refuse to register premises unless the producer has signed an undertaking that

- . the benefit of any subsidy will be passed on to the purchaser; and
- . no claim for subsidy will be made for any subsidised goods that have been sold unless the price that was charged passed on the benefit of the subsidy to the purchaser (clause 22).

Clauses 25 to 33 will authorise the investigation of various matters under the Bill and provide for a range of offences and penalties.

The Comptroller will provide a return of subsidy payments to the Minister for tabling in the Parliament, as soon as practicable after the end of each financial year (clause 34).

Clause 36 will provide that persons who have been affected by a specified decision of the Comptroller may apply to the Administrative Appeals Tribunal for review of the decision.

Payments of subsidy, and advances on account of subsidy, will be made out of money appropriated by the Parliament (clause 38).

The Governor-General will be empowered to make regulations consistent with this Bill (clause 39).

Clause 41 will amend section 3 of the **Nitrogenous Fertilisers Subsidy Act 1966** to effectively terminate its operation on 19 August 1986 instead of 30 June 1989. Clauses 42 and 43 are transitional provisions which ensure that the Act continues to apply to goods produced or exported to Australia before the date of termination, provided applications for subsidy are made before 20 August 1987 (clauses 42 and 43).

Clauses 45 to 47 will make corresponding amendments to the **Phosphate Fertilisers Subsidy Act 1963** and provide for similar transitional arrangements.

For further information, if required, contact the Economics and Commerce Group.

5 March 1987

Bills Digest Service
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References

1. Economic and Rural Policy: A Government Policy Statement, April 1986, p.32.
2. 1986-87 Budget Paper, No.1, p.202.
3. Ibid.

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

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