Fertilisers Subsidy Amendment Bill 1988

Date Introduced: 25 May 1988
House: House of Representatives
Presented by: Hon. B.O. Jones, MP, Minister for Science, Customs and Small Business

Digest of Bill

Purpose

To give effect to the decision announced in the 1988 May Economic Statement to terminate assistance for the consumption of phosphatic and nitrogenous fertilisers from 30 June 1988.

Background

In the 1986–87 Federal Budget, the Government announced that subsidies on the consumption of domestically produced phosphatic and nitrogenous fertilisers would be extended until 30 June 1989. This decision was facilitated by the Fertilisers Subsidy Act 1986 (the Principal Act). Further background to the decision and the Bill are contained in Digest 86/194.

Passage of this Bill would terminate, 12 months earlier than anticipated, a long-standing form of assistance to Australian primary producers. Except for the period between December 1974 and February 1986, assistance has been available for the production of phosphatic fertilisers since 1931. Consumption of nitrogenous fertilisers has been assisted since 1966. The Government considers that the main reasons advocated previously for implementation and extension of these measures no longer justify their continuation.

These reasons were i) the provision of assistance to the rural sector during difficult times; ii) productivity gains from increased fertiliser application; and iii) compensation for costs arising from tariff protection for the manufacturing sector.
It is expected that the benefits to the rural sector arising from the decision in the May Statement to reduce tariff protection for manufacturing will greatly exceed the increase in fertiliser costs resulting from removal of assistance. The Commonwealth expects to save $37 million in 1988–89 and $13 million in 1989–90 as a result of withdrawal of the fertiliser subsidies.

Claims for reimbursement may be lodged for up to twelve months after the subsidy period as per the provisions of the Principal Act.

Main Provisions

Clause 3 amends the definition of 'subsidy period' by changing the end of the subsidy period from 30 June 1989 to 30 June 1988.

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

19 July 1988

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