Date Introduced: 22 August 1984
House: House of Representatives
Presented by: Hon. J.J. Brown, M.P., Minister Assisting the Minister for Industry and Commerce

Short Digest of Bill

Purpose

To continue short-term bounty assistance to the Australian agricultural tractor industry beyond 9 June 1984, pending a decision on the form of long-term assistance to the industry.

Background

The Bounty (Agricultural Tractors) Act 1966 provides a bounty to Australian manufacturers of agricultural tractors. The amount is determined in accordance with a schedule to that Act and varies according to the horsepower (kilowatt) rating of the tractor. Amendments in 1983 doubled the rate at which bounty became payable, for a twelve month period from 9 June 1983 [see Bills Digest for Bounty (Agricultural Tractors) Amendment Bill 1983]. The Bounty (Tractor Cabs) Act 1983 was also enacted for payment of a bounty to Australian manufacturers of fully enclosed tractor cabs.

The bounty paid on production of agricultural tractors is, irrespective of the 1983 amendment, due to terminate on 31 December 1984 or such other date as is fixed by Proclamation. The 1983 amendment doubled the rate of assistance for a 12-month period to 9 June 1984. The Bill would continue the short-term assistance at doubled rates until 31 December 1984 or such other date as is fixed.

The issue of assistance to agricultural wheeled tractors was referred to the Industries Assistance Commission (IAC) on 16 June 1983. The IAC published an Interim Report on 16 February 1984[1] and provided a final report on 18 June 1984.[2] It was announced on 8 June 1984 that short-term assistance would continue until 31 December 1984 unless a Government decision on long-term assistance is reached earlier.[3]
The bounty is payable on tractors of over 15kW (kilowatt) power rating. In the small tractor market, some are regarded as ride-on mowers by their Australian manufacturers even though they may be classified as tractors if imported. The IAC reported that following closure of International Harvester Australia's tractor manufacturing plant in 1982, Chamberlain John Deere became the only significant manufacturer. A number of smaller manufacturers generally produce large four wheel drive tractors, often in excess of 250kW and may not qualify for bounty assistance because local content is below the 55 per cent level required by sub-section 6(4) of the Act.[4]

The IAC examined the form of assistance to the tractor manufacturing industry, whether by tariff or by bounty, and recorded that it would find no compelling argument for changing to a tariff.[5] Retention of assistance by bounty was recommended.

The Commission saw a trend towards purchases of tractors of over 150kW and the establishment of manufacturing facilities in Australia, as a reflection of adoption of new technology in agriculture and saw no reason why bounty payable in respect of such tractors should be proportionately less than on those in the range 15kW-150kW[6]

Evidence given by Chamberlain John Deere indicated that it had engaged in price discounting to maintain market share in the face of competition from imports. The Temporary Assistance Authority found that financial losses of the Australian manufacturer were due to this cause and had therefore recommended additional assistance from 10 June 1983.[7]

The Commission proposed that assistance apply until 31 December, 1990, providing a relatively stable assistance environment with a moderate level of support.[8]

Main Provisions

The Bill makes two changes, and is to be deemed to have commenced on 9 June 1984.

The Bounty (Agricultural Tractors) Act 1966 provides for payment of bounty up to the "terminating date", defined as 31 December 1984 or a later date fixed by Proclamation. Clause 3 redefines "terminating date" as 31 December 1984 or such other date, not later than 30 June 1985, as is fixed by Proclamation. Provision is made for notification in the Gazette.
Secondly, section 7 is amended so that the payment at doubled rates introduced in 1983 does not terminate at 9 June 1984, but continues up until the "terminating date".

For further information, if required, contact:

7 September 1984
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References