PARLIAMENT OF AUSTRALIA
DEPARTMENT OF THE PARLIAMENTARY LIBRARY

BOUNTY (POLYESTER-COTTON YARN) AMENDMENT BILL 1979

Date Introduced: 13 September 1979
House: House of Representatives
Presented by: Hon. W.C. Fife, Minister for Business and Consumer Affairs

Short Digest of Bill

Purpose

To extend the operations of the bounty on polyester-cotton yarn until 31 August 1981.

Background

On 19 July 1977, the Industries Assistance Commission issued the report "Certain Spun Yarns and Wool Textiles and Other Goods". This report considered the fact that, in 1975-76, cotton blend yarn imports more than doubled, although growth was more steady in 1976-77. The price disadvantage of local producers vis-a-vis imports was then estimated to be 45-55% for polyester cotton yarns.

In response to problems facing local manufacturers the I.A.C. report recommended the introduction of a bounty of $1.15 per kg for Australian producers of polyester-cotton yarns. The bounty rate was the estimated difference between the landed duty-paid price of imported yarns and the ex-factory price of comparable local yarn. The I.A.C. recommended the introduction of a bounty rather than import quotas or additional duties so as to assist the industry and reduce the cost to users and consumers.

The Government accepted the recommendation of the I.A.C. and introduced the Bounty (Polyester-Cotton Yarn) Act 1978. This Act provided for the payment of a $1.15 per kg bounty to manufacturers of locally produced yarn consisting of a mixture of polyester and cotton fibres:

(a) in which polyester fibre are not less than 50% by weight;
(b) that is single fold combed yarn not coarser than 20 tex; and
(c) at least one ply in which is 10 tex or coarser.
The bounty was to apply until 31 August 1980 with a maximum of $600,000 available in each of the 12 month periods commencing 1 October 1977 and 1 October 1978 and $550,000 available in the 11 month period commencing 1 October 1979.

In a joint statement on 11 July 1979 the Minister for Industry and Commerce and the Minister for Business and Consumer Affairs announced that the operation of the bounty was to be extended by 12 months. This decision was made as an interim measure pending consideration by the Government of the final report by the I.A.C. on the longer-term assistance needs for the textiles, clothing and footwear industries. The Government expects to receive this report in March 1980.

The decision to extend the operation of the bounty followed a request from a group representing industry importing interests. This request was made in view of the widely acknowledged need for 12 months advance notice of assistance policies to assist future planning of operations by importers, retailers and manufacturers. In a letter dated 15 May 1979 the Chairman of the I.A.C., Mr. W. McKinnon supported the view that 12 months advance notice was required of changes in assistance policies.

On 10 August 1979, the I.A.C. issued its Draft Report on Textiles, Clothing and Footwear which recommends that future assistance to the cotton-polyester yarn industry should take the form of a bounty of $1.00 per kg from 1 September 1981 to 30 June 1984 and $0.50 per kg for the subsequent 2 years. The bounty should then be removed completely.

Provisions

Clause 3 of the Bill extends the period in which the bounty applies by 12 months to 31 August 1981.

Clause 4 limits the amount available for payment of the bounty between 1 September 1980 and 31 August 1981 to $600,000.