**Bounty (Polyester-Cotton Yarn) Bill 1978**

**Date Introduced:** 2 March 1978  
**House:** House of Representatives  
**Presented by:** Hon. W.C. Fife, Minister for Business and Consumer Affairs

**Short Digest of Bill**

**Purpose**

To grant short-term assistance by means of a bounty to Australian manufacturers of polyester-cotton yarn.

**Main Provisions**

A bounty is payable to the manufacturer on the production of yarn consisting of a mixture of polyester and cotton fibres being yarn

(a) in which polyester fibres 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. (Clauses 3, 5).

The rate of bounty is $1.15 per kilogram of yarn. (Clause 7).

The amount available for the bounty is limited to $600,000 in each of the 12 month periods commencing 1 October 1977 and 1 October 1978 and $550,000 in the 11 month period commencing 1 October 1979. (Clauses 4 and 8).

The Bill provides for other matters such as:

- proportionate payments where the above limit would be exceeded (clause 8);  
- advances on account of bounty (clause 11);  
- registration of premises (clause 12);
provision of information by the manufacturer (clauses 13, 16, 17);

penalties (clause 19);

returns to Parliament by the Comptroller-General of Customs (clause 20);

applications to the Administrative Appeals Tribunal (clause 22);

appropriation of C.R.F. (clause 23); and

making of regulations (clause 24).

Background

The bounty will implement one of the recommendations of the Industries Assistance Commission in its report "Certain Spun Yarns and Wool Textiles and Other Goods", 19 July 1977. The I.A.C. inquiry followed difficulties being faced by the local cotton and cotton-blend yarn producers.

There are 7 producers in Australia and total production of cotton weaving yarn dropped from 19.4 million in 1975-76 to 14.3 million kg. in 1976-77, and spinning yarn from 5.1 million kg. to 4.8 million kg. Production of cotton blend yarn actually increased from 1.3 to 2.1 million kg. in 1976-77. Cotton yarn imports fell in 1976-77 whereas cotton blend yarn imports more than doubled in 1975-76 and increased more steadily in 1976-77. The major increase was in fine-count polyester-cotton knitting yarns which grew from 0.7 million kg. in 1972-73 to 3.2 million kg. in 1976-77.

Local producers supplied about 29% of local demand for fine-count combed cotton and cotton blend yarns in 1975-76, falling to 24% in 1976-77. Stocks increased and orders declined substantially in 1976-77. The average rate of return on funds was 6.1% in 1976-77.

Bradmill claimed that the growth in demand for polyester-cotton fine-count combed yarns has been at the expense of cotton yarns. Users said that the increase in demand for polyester-cotton was not purely due to the lower price of imports but also to the preferred properties of the blend and it was not always possible to obtain suitable yarn locally. Only Bradmill's mill at Kotara N.S.W. and, with some plant modification, Bond's Spinning have the capacity at present to produce polyester-cotton yarn for knitting, and very little has so far been produced.

The price disadvantage of local producers vis-a-vis imports was around 45-55% for polyester-cotton yarns and 25-35% for cotton yarns.
Currently assistance for local spinners is through a tariff rate of 28% General for fine-count cotton yarns (tariff items 55.05.912, 913, 929) and a tariff of only 15% General on polyester-cotton yarns (in tariff item 56.05.9).

The I.A.C. recommended a bounty rather than tariff quotas or additional duties so as to assist the industry more speedily, and reduce the cost to users and consumers. The level of bounty recommended, $1.15 per kg., was the estimated difference between the landed duty-paid price of the imported yarns and the ex-factory price of comparable local yarn.

The I.A.C. recommended that the bounty continue to apply until a government decision is made following the I.A.C.'s current inquiry into long-term assistance for the industry, the report on which is expected to be received towards the end of 1978. The Government decided that this bounty should apply until 31 August 1980.

Finance, Industries, Trade and Development Group

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