Australian Government
Department of Industry, Science and Resources

Anti-Dumping Commission

Australian Industry Questionnaire

Case number: 629

Product: Ammonium nitrate

From: China, Sweden and Thailand

Inquiry period: 1 April 2022 to 31 March 2023

Response due by: 12 July 2023

Return completed questionnaire to: investigations4@adcommission.gov.au.

Why you have been asked to complete this questionnaire?

The Anti-Dumping Commission (the commission) is currently undertaking an inquiry into whether anti-dumping measures applying to exports of ammonium nitrate (the goods) from the People's Republic of China (China) and Sweden and the Kingdom of Thailand (Thailand) should be continued.

Australian Dumping Notice No. 2023/038 provides details of the goods under consideration, the application and the inquiry procedures.

The commission is seeking further information from Australian industry for the goods to inform its:

- understanding of the dynamics of the Australian market, including factors that may be impacting the economic condition of the Australian industry producing the goods; and

- assessment of whether the expiration of the anti-dumping measures applying to the goods would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping and subsidisation, and the material injury that the anti-dumping measures are intended to prevent.

The commission will collect and use information in accordance with the commission's Collection and Use of Information Policy.

The timeliness of your response is important. If you are unable to meet the due date specified above, please contact the commission.

Confidential and non-confidential versions

If you elect to respond to this questionnaire, you are required to lodge a confidential and a non-confidential version of your submission by the due date.

In submitting these versions, please ensure that each page of the information you provide is clearly marked either "**IN-CONFIDENCE**" or "**NON-CONFIDENTIAL**" in the header and footer.

All information provided to the commission in confidence will be treated accordingly. The non-confidential version of your submission will be placed on the Public Record, which all interested parties can access.

Your non-confidential submission must contain sufficient detail to allow a reasonable understanding of the substance of the confidential version. If, for some reason, you cannot produce a non-confidential summary, contact the investigation case officer (see contact details on Page 1 of this questionnaire).

Declaration

You are required to make a declaration that the information contained in your response is complete and correct. You must return the signed declaration of an authorised person at end of this questionnaire with your response.

A-1 Company information

1. Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of this inquiry.

   Only Orica Australia Pty Ltd used.

2. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.

   Orica Ltd is a publicly listed on the Australian Stock Exchange with the following organisational structure and roles.

   [*Organisational structure diagrams for Orica Ltd and Orica Australia Pty Ltd plus commentary on key roles*]

3. List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.

   As a publicly listed entity, Orica Ltd has a diverse range of shareholders which include a range of local and overseas financial institutions, superannuation funds and private investors.

4. If your company is a subsidiary of another company list the major shareholders of that company.

   Orica Australia Pty Ltd is a wholly owned subsidiary of Orica Ltd

5. If your parent company is a subsidiary of another company, list the major shareholders of that company.

   Not applicable.

   Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).

   [Organisation structure diagram of key companies]

6. Are any management fees/corporate allocations charged to your company by your parent or related company?

   Corporate overheads are allocated globally to regional businesses in proportion to the annualised sales revenue.

7. Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.

   [*Commentary on companies in Orica group structure associated with AN supply in Australia]*

8. Provide a copy of the two most recent annual reports (if relevant). Also provide copies of relevant brochures or pamphlets on your business activities.

Past annual reports can be obtained from Orica's website here: *https://www.orica.com/Investor-Centre/annual-report*

Material about Orica's operational business and products is available on the Orica website here*: https://www.orica.com/About-Us; https://www.orica.com/markets-and-solutions; https://www.orica.com/products---services and https://www.orica.com/sustainability*

9. Provide details of any relevant industry association.

Of relevance here is Orica's membership of Chemistry Australia and the Manufacturers Trade Alliance.

A-2 The imported and locally produced goods

Model Control Code (MCC)

Category	Sub-category		Sales data	Cost data	Orica Product Alternatives
Density	H	High	Mandatory	Mandatory	Anopril, AN Solution
	L	Low			Nitropril, Anopril
Form	P	Prilled	Mandatory	Optional	Nitropril, Anopril

1. Fully describe your product(s) that are 'like' to the imported product:
   - Include physical, technical or other properties.
   - List this information for each make and model in the range.
   - Supply technical documentation where appropriate.
   - Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.

Please see attached Orica Technical Data Sheets for the relevant ammonium nitrate produced at Kooragang Island (Nitropril & AN solution) and Yarwun (Anopril and AN solution)

Whilst product density is of note, it is not necessarily the discerning parameter when selecting AN products. Low density ammonium nitrate is used as a dopant in explosives products and high density has traditionally been imported for use in emulsion manufacture. Historically the additives in low density products are not compatible with emulsion raw material qualities and require significant additional processing to remove. High density material has been used in that regard traditionally by importers. Domestic producers sell a chemically pure ammonium nitrate solution for this purpose in emulsion and fertiliser solution manufacture.

Orica has developed its own additive system which means that low density products (Anopril) can be used as an emulsion or fertiliser solution raw material. Thus density is no longer the key discerning parameter in determining ammonium nitrate forms of use.

2. Provide a summary and a diagram of your production process.

Ammonium nitrate is produced by neutralising nitric acid with ammonia. Ammonia is produced from natural gas, which typically accounts for most of the production cost. Natural gas is reacted with steam and air to produce hydrogen, nitrogen, and carbon dioxide. The carbon dioxide is removed, and the hydrogen is reacted with nitrogen to produce ammonia. Ammonia is also used by purchasing in from other domestic sources or imports.

Nitric acid is produced through the reaction of ammonia with oxygen in the presence of a catalyst. The reaction produces nitric oxides, which are dissolved in water to produce nitric acid. The reaction of ammonia with nitric acid produces an ammonium nitrate solution. This may be sold in the solution state or solidified by prilling or granulation.

To manufacture prills, the solution is sprayed into the top of a prilling tower, a rising air stream cools and solidifies the falling droplets into spherical balls or prills. The density of the finished product is governed by the concentration of the solution. LDAN prills are produced using a solution with a higher moisture content. The solidified prills also have a high moisture content and go through a lengthy drying process. HDAN prills are manufactured using a solution with a lower moisture content.

See attached documents relating to the manufacturing processes at Orica Kooragang Island and Yarwun.

3. If your product is manufactured from both Australian and imported inputs:
   - describe the use of the imported inputs; and
   - identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).

Orica AN imports from Indonesia are typically used as an emulsion raw material by dissolving into an ammonium nitrate feed to the emulsion plant. They may also be used as a dopant in explosives where they directly substitute for product made from Kooragang Island or Yarwun as required.

The estimated replacement value of Orica's AN manufacturing assets in Australia is in excess of AUD *[number]* billion.

A-3 The Australian market

Products in the Australian market

1. Generally describe the range of the goods offered for sale in the Australian market. Your description could include information about:
   - quality differences
   - price differences
   - supply/availability differences
   - technical support differences
   - product segmentation.

The AN products used in the Australian market are summarised in the table below:

Product	Description	Uses
LDAN	Solid low density porous prill	Primarily used as a dopant in the manufacture of bulk and packaged explosives Some additive systems may enable it to be dissolved and used as a substitute for AN solution/HDAN
AN solution	Liquid AN solution	Most is sold as a hot concentrated (85-90%) solution for use in the manufacture of bulk emulsion for explosives May also be used as a raw material for fertiliser grade solutions or UAN manufacture. Weaker strength solutions are also sold for fertiliser applications
HDAN	Solid high density AN	Primarily used when AN solution is not directly available to make either bulk emulsion or fertiliser solutions. Is imported into Australia

Because AN is largely a raw material, the branding is primarily used to denote different additive systems. Finished goods bulk explosives and fertiliser products are branded more strongly.

2. Describe the end uses of the goods in the Australian market from all sources.

Ammonium nitrate is primarily used in bulk and packaged explosives for blasting of waste rock and ore in coal and metal mining and in the quarry and construction industries.

It is also used to make liquid fertilisers- either as weak AN solutions or mixed with urea to make liquid UAN fertilisers.

3. Describe the different sales channels you supply the goods (for example, retail, wholesale, direct installation etc.), and the types of customers in each sales channel.

Primarily Orica supplies direct to mining or quarry customer mine sites as part of a formulated bulk explosive. Orica does sell some ammonium nitrate (*percentage]* through an indirect channel to competitors.

4. Describe the key product attributes that influence purchasing decisions or purchaser preferences in the Australian market. Rank these preferences or purchasing influences in order of importance.

Purchasers typically use a range of criteria, which include:

- Product quality
- Availability of supply
- Reliability of supply
- Flexibility to change volume and or timing of delivery
- Price

5. Describe the process by which your customers select your goods and the key factors that informed that decision.

Price and surety of supply are key considerations. Some customers use a matrix of decision criteria based on their needs.

6. What are the key differences between locally made goods and imported goods? How do these factors impact the purchasing decisions of your customers?

In terms of physical appearance there exists minimal difference between local supply and imported ammonium nitrate from those sources that are routinely used. However quality is often a key differentiator as product quality does deteriorate on long distance transport and some manufacturing processes are less capable of producing a robust quality prilled grade of AN.

7. How easily can your customers change suppliers? Provide a description of factors that may cause a re-evaluation of your supply arrangements.

Relative ease to switch source of supply prior to agreeing to a contract for supply.

8. Identify if there are any commercially significant market substitutes in the market for the goods in Australia.

In explosives applications, there is some flexibility in changing product mix which impacts the amount of low density AN and emulsion needed. Fundamentally though ammonium nitrate has proven to be a very cost effective and efficient component for use in explosives.

For fertilisers there are alternatives such as urea or imported UAN directly, but this depends on crop nutrient needs and product distribution resources.

9. Have there been any changes in market or consumer preferences for the goods in Australia in the last five years? Do you anticipate any change in preference in the coming five years? If yes, provide details including any relevant research or commentary on the industry/sector that supports your response.

No change expected as current products are effective in application.

Prevailing conditions of competition in the Australian market

10. In respect of the Australian market for the goods and the prevailing conditions of competition within the market:
    (a) Provide an overall description of the market for the goods in Australia which explains its main characteristics and trends over the past five years.
    (b) Provide the sources of demand for the goods in Australia, including the categories of customers, users or consumers of the product.
    (c) Provide your estimate of the proportion (%) of the market that each of those sources of demand listed in (b) represents.
    (d) Describe the factors that influence consumption/demand in Australia, such as seasonal fluctuations, factors contributing to overall market growth or decline,

government regulation, and developments in technology affecting either demand or production.

(e) Describe any market segmentations in Australia; such as geographic or product segmentations.

(f) Provide your estimate of the proportion (%) of the market that each of the market segments listed in (e) represents.

(g) Describe the way in which Australian manufactured and other imported goods compete in the Australian market.

(h) Describe the ways that the goods are marketed and distributed in the Australian market.

(i) Describe any other factors that are relevant to characteristics or influences on the market for the goods in Australia.

Orica Australia Pty Ltd response

(a) Market description

The Australian market for ammonium nitrate is estimated at [*number*] million tonnes per annum. It is estimated to have increased from approximately [*number*] million tonnes per annum over the last 5 years at an average annual growth rate of [*percentage]* cagr. Orica estimates that it is forecast to grow at [*percentage*] cagr over the next 5 years.

AN is used primarily as a raw material for the manufacture of commercial explosives used in the mining, quarry and construction industries. It is also used as a raw material in the manufacture of liquid fertilisers (eg UAN). Small volumes are used to make specialty medical gases.

The estimated volume proportion used in Australia is set out in the table below based on Orica's market intel:

[*Table of estimated volumes and volume percentage by commodity segment*]

Source: Orica Intell, Orica Market Demand Model, Company announcements.

(b) Market demand and variability

For explosives applications the key drivers of demand are:

- production of mineral commodities from mining companies and earth moving contractors as they seek to meet global demand for seabourne trade of minerals (such as iron ore, thermal and coking coal, gold, copper and various other base metal ores)
- demand for domestic coal fired power stations
- domestic infrastructure and construction projects and demand for quarry materials (eg road base, cement)

For these applications, demand typically varies +/- 10-15% over a year for the following reasons:

- overall level of mining activity at a particular customer
- the nature of mining – underground operations use a lot less than open cut operations
- overburden strip ratio at a particular mine which can vary with the overall economic cycle for the commodity
- start-up of new operations which requires extensive overburden stripping
- weather events where mining activity may be temporarily ceased or cut back; this may also occur more seasonally in some areas due to climatic conditions
- product mix issues at a particular customer
- project nature of quarry/construction activity

For fertiliser applications, demand is driven by the nutrient requirements of particular crops and the seasonal application requirements of crops. Demand can vary +/- 30-40% at key times of the year.

(c) Market segmentation

The Australian market for AN has four distinct geographical areas, and is sold into two key segments – explosives and agricultural applications.

The table below details Orica's view of the geographic usage of AN in applications:

[*Table of estimated volumes and percentage of total for geographic subsegments]*

Source: Orica Intell, Orica Market Demand Model, Company announcements

AN manufactured in Australia competes with imported ammonium nitrate in its range of applications and uses. Imported AN is effectively in two forms:

(i) Porous prilled AN which is used as a dopant in bulk explosives formulations

(ii) Denser AN which is used for fertiliser or dissolved into liquid solutions for manufacture of bulk emulsions in explosives applications or as an input to liquid fertilisers. AN solution from domestic manufacturing plants is a substitute for this.

Depending on the additives contained in the AN, porous and lower density AN, such as Orica's Anopril, can be used to dissolve for applications in emulsion and fertilisers.

(d) Marketing and competition

In explosives markets, ammonium nitrate is typically marketed as an input to bulk explosives formulations and is sold on a delivered formulated product basis or sometimes on an ex works basis. Similarly, in liquid fertiliser applications it is

marketed as a fertiliser solution or as a raw material for inputs to that manufacturing process.

In explosives markets, customers use competitive tendering processes to decide contracts of supply for explosives products. Through this process contract prices are agreed through a competitive process which are binding (including any margin) for the duration of the contract.

11. Describe the commercially significant market participants in the market for the goods in Australia at each level of trade over the inquiry period. Include in your description:
    - names of the participants;
    - the level of trade for each market participant (e.g., manufacturer, reseller, original equipment manufacturer (EOM), end-user etc.;
    - a description of the degree of integration (either vertical or horizontal) for each market participant; and
    - an estimate of the market share of each participant.

Orica has identified the following estimated AN share for each of the market participants in the following table:

[Table of estimated AN demand by key user and by key supplier]

Orica, CSBP, Dyno Nobel, QNP are all manufacturers of AN who supply customers directly with AN and also to other explosives distributors

CSBP is the main AN producer for Agriculture products with Orica supplying small volumes on the East Coast to other manufactures of UAN.

It is Orica's understanding that [*customer*] is the only large end-use customer who imports AN directly.

12. Identify the names of commercially significant importers in the market for the goods in Australia over the investigation period and estimate their market share. Specify the country each importer imports from and their level of trade in the Australian market, if known.

Orica's estimated view of import sourcing in the Investigation period is as follows:

[*Table of estimated AN imports by volume and by end user*]

From time to time, manufacturers Orica, Dyno and CSBP will import temporary volumes to cover shutdown periods for maintenance to ensure stock coverage is in hand to supply customers.

13. Describe any entry restrictions for new participants into the market for the goods in Australia. Your response could include information on:

- patents and copyrights;
- licenses;
- barriers to entry;
- import restrictions; and
- government regulations (including the effect of those government regulations).

In responding to this question ensure that relevant regulations are referenced.

Ammonium nitrate is classified as a Dangerous Good and as a Security Sensitive Material (SSAN), for which there are regulatory requirements that are required to be met. Dangerous Goods classification requires compliance with certain tests defined by the UN Code. SSAN is dictated by state govt authorities.

A licence is required from state government authorities to purchase, sell, make, store and transport ammonium nitrate.

Storage and manufacturing facilities also need to be licensed and approved by state government authorities. This typically involves a detailed quantitative risk assessment. Manufacturing facilities are classified as Major Hazard Facilities which require ongoing assessment with regulators every few years.

Movement of AN through ports is determined by local Port Authorities. In general, the volumes of AN that can be transited via port is capped (and varies for each port) and the specific ports that allow movement is also specifically defined by each state. The maximum shipment volume is usually determined by a risk assessment and approved by the relevant state regulatory authority.

Regulations vary by state, with some reference material detailed below:

AN Storage Links

WA AN Storage Code:
http://www.dmp.wa.gov.au/Documents/Dangerous-Goods/DGS_COP_StorageSolidAmmoniumNitrate.pdf#

Qld IB53 SSAN storage info bulletin:
https://www.dnrme.qld.gov.au/business/mining/safety-and-health/alerts-and-bulletins/explosives/storage-reg-security-sensitive-ammonium-nitrate-ssan

Other states use AS 4326-2008 “The storage and handling of oxidising agents” for AN storage.

AN Transportation

ADG Code: https://www.ntc.gov.au/codes-and-guidelines/australian-dangerous-goods-code

The ADG Code is picked up through DG Transport Regulations for each state. For example, NSW summary:

https://www.epa.nsw.gov.au/your-environment/dangerous-goods/dangerous-goods-nsw-overview

ADG Code gives the primary legal effect for the UN testing under Special Provision 306 (this special provision is from the UN documents):

306	This entry may only be used for substances that are too insensitive for acceptance into Class 1 when tested in accordance to Test Series 2 (see Manual of Tests and Criteria, Part I).

WA Guidance Note on handling explosion risk goods through ports (this also mentions the testing requirements).

http://www.dmp.wa.gov.au/Documents/Dangerous-Goods/DGS_GN_ExplosionRiskGoods.pdf#

AS3846-2005 “The handling and transport of dangerous cargoes in port areas” is used throughout Australia. This also touches on testing requirements.

NSW regulations

NSW Explosives Regulation 2013 (covers storage)
https://www.legislation.nsw.gov.au/view/html/inforce/current/sl-2013-0476

NSW WHS Regulation 2017 (chapter 9 covers MHF obligations)
https://www.legislation.nsw.gov.au/view/whole/html/inforce/current/sl-2017-0404

NSW SafeWork summary page for MHF
https://www.safework.nsw.gov.au/hazards-a-z/hazardous-chemical/major-hazard-facilities

14. Do you anticipate any changes in patterns of supply and demand in the Australian market over the next 1 to 5 years? What are your expectations for your own sales/purchases of the goods over that period? Provide any relevant commentary to support your answers.

It is anticipated that import competition will increase as (a) AN export prices are returning to pre-pandemic levels as prices for key energy inputs globally return to normal, (b) import shipping rates have returned to pre- pandemic levels, and (c) the recessionary economic outlook will dampen demand uptake and apply downward pressure on prices of imports.

Please refer to the Industry Application for more detailed commentary on this point.

Relationship between price and cost in Australia

15. Is your organisation/business entity the price leader of the goods in the Australian market? If no, please explain the reasons behind your response and specify the name(s) of the price leaders.

Selling prices on the Australian market are established by reference to import parity prices.

16. Describe the nature of your pricing for the goods (e.g. market penetration, inventory clearance, product positioning, price taker, price maker, etc.) and your price strategies (e.g., competition-based pricing, cost-plus pricing, dynamic pricing, price skimming, value pricing, penetration pricing, bundle pricing, etc.) in Australia. If there are multiple strategies applied, please rank these by importance. If there are different strategies for different products, please specify these. Provide copies of internal documents which support the nature of your product pricing.

Orica determines prices based upon the alternate import supply delivered to site.

17. How frequently are your Australian selling prices reviewed? Describe the process of price review and the factors that initiate and contribute to a review.

Prices are typically assessed on a quarterly basis and at the time of the customer proposal. Approval with executive management is sought prior to customer proposals being issued to customers. Typically, prices for ammonium nitrate are subject to quarterly rise and fall linked to movements in input costs as part of the customer proposal and negotiated contract.

18. Rank the following factors in terms of their influence on your pricing decisions in the Australian market, with the most important factor ranked first and the least important factor ranked last:
    - Competitors' prices;
    - Purchase price of raw materials;
    - Cost to make and sell the goods;
    - Level of inventory;
    - Value of the order;
    - Volume of the order;
    - Value of forward orders;
    - Volume of forward orders;
    - Customer relationship management;
    - Supplier relationship management;
    - Desired profit;
    - Brand attributes;
    - Other [please define what this factor is in your response].

There are a range of factors that will be considered as part of a customer proposal, which includes customer relationship, ability to supply, volume and volume growth outlook, price of alternatives and overall margin.

A-4 Company sales

1. Attach a copy of distributor or agency agreements/contracts.

2. Provide copies of any price lists.

3. Please complete appendix A4.1 contracts and tenders. Please provide two contracts that had the highest monetary value.

4. If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.
   - where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (sales).
   - if you have issued credit notes (directly or indirectly) provide details if the credited amount has **not** been reported appendix A4 (sales) as a discount or rebate.

5. Select the two highest domestic sales invoices from the data supplied in appendix A4 (sales). Provide a complete set of commercial documentation for these sales. Include purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.

   See series of emails attached with examples selected. [Other documents] to be sent separately through secure mail box.

A-5 General accounting/administration information

1. Specify your accounting period. 1 October – 30 September

2. Provide details of the address(es) where your financial and production records are held. 1 Nicholson St, East Melbourne, 3002 (Head Office)

3. Please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:
   - chart of accounts; see attached file
   - audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion); Refer to Website: Orica.com, Investor Centre tab.
   - internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.

     These documents should relate to:

     a. the division or section/s of your business responsible for the production and sale of the goods covered by the investigation, and

     b. the company overall.

     See attached file

4. If your accounts are **not** audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

   N/A

5. Describe your accounting methodology, where applicable, for:
   - **The recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;**

Response: Product (or other asset) sales revenue is recognised when the following criteria are met. A) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods; B) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the underlying product or asset sold; C) the amount of the revenue can be measured reliably; D) it is probable that future economic benefits will flow to the Orica Group; E) the costs incurred or to be incurred in respect of the transaction can be measured reliably. This also applies to intercompany sales.

Impact of discounts and rebates are measured as part of sales, rebates are usually based on the quantity or value of sales to the customer and recognised once incurred and/or in line with the supply agreement.

Sales returns and warranty claims are recognised as a provision when there is a present obligation exists where an outflow settlement will take place which can be reliably measured of making good the product under the warranties given.

- **provisions for bad or doubtful debts;**

  Response: Provision is recognised and recorded when present obligations exist and it is probable that a transfer of economic benefits will be required to settle the obligation. When recoverability of an amount included in revenue in a prior reporting period becomes uncertain, the uncollectable amount is recognised separately as an expense (provision for doubtful debt or bad debt expense).

  Typically provision for debtors aged >90 days.

- **the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;**

  Response: General expenses and/or interest are not included in the allocations of cost of goods, and are accounted as a separate line within Orica's Profit and Loss Statement.
- Expenses are recorded as they incurred. Overheads are absorbed to cost of goods/cost of services, for example time sheet, MMU usage, plant depreciation rates, etc which is align to activity-based costing.

- **costing methods (eg by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes;**

  Response: Costing methods for variable costs are calculated using a fully absorbed standard costing method which comprises of all costs to purchase, conversion, costs directly related to units of production and production overheads. Same applies to costs shared with other goods.

  Standard cost throughout the month and revalued to actual at end of month

- **the method of valuation for inventories of raw material, work-in-process, and finished goods (eg FIFO, weighted average cost);**

  Response: Inventories are measured at the lower of cost and net realisable value (NRV). Cost represents all costs of purchase, conversion, costs directly related to production, direct production overheads and other costs incurred in bringing the product

to its present location and condition. NRV of inventory is calculated as the estimated proceeds of sale, less, where applicable, all further costs to the stage of completion and all costs necessary to make the sale. Raw materials are valued at weight average cost.

- **valuation methods for scrap, by-products, or joint products;**

- **Response:** Typically scrap are valued at provided for at lower of costs or net realisable value. Most by-products, by their nature, are immaterial.

- **valuation methods for damaged or sub-standard goods generated at the various stages of production**;

  Response: Damaged or sub-standard goods generated are typically expensed or provision for stock obsolesce is raised or re-used in the production process if able to do so.

- **valuation and revaluation of fixed assets;**

  Response: Fixed assets are valued based on the directly attributable costs of acquisition, or construction price, plus any expenses directly attributable to the asset's acquisition. Orica do not revalue their fixed assets.

- **average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;**

  Response: Straight-line method of depreciation is used over the useful life of the asset. Useful life of each asset category includes the following maximum useful life:
  - Fixed plants with stable technology: Up to 20 years.
  - Fixed plants with changing technology and markets: Up to 10 years.
  - Laboratory equipment: Up to 5 years.
  - Major mobile equipment and cranes, dumper trucks, forklift trucks, road trucks, cars and vans: Up to 10 years.

- **treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and**

  Response: Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were previously translated on initial recognition during the period or in a previous financial report, are recognised / treated in the income statement in the period in which they arise. Foreign exchange variances from the translation of balance sheet items for reporting purposes are recognised in Foreign Currency Translation Reserve.

- **restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.**

  Response: A restructuring provision and plant closure are recognised when the business has a present obligation to transfer economic benefits (legal or constructive) as a result of a past event and for which the costs can be estimated with reasonable reliability. A present obligation to restructure or plant closure arises only when there is a detailed formal plan, plan has been announced and location effected identified.
  Plant shutdowns costs are treated 2 ways. Firstly, repairs and maintenance (periodic servicing, ad-hoc repairs, inspections to name a few) are expensed as incurred, and/or

capitalised when it meets the recognition criteria for property, plant and equipment (that is it is probable the future economic benefit will flow to Orica and the cost can be reliably measured).

6. If the accounting methods used by your company have changed over the period covered by the inquiry please provide an explanation of the changes, the date of change, and the reasons.

No Changes

A-6 Cost information

1. Please complete appendix A6.3 (SG&A list) for domestic selling general and administration expenses.

A-7 Upwards sales, costs and SG&A reconciliation

1. Please complete the reconciliation templates for appendix A7.1 upwards sales.

2. Please complete the reconciliation templates for appendix A7.2 upwards costs.

3. Please complete the reconciliation templates for appendix A7.3 upwards SG&A.

The model presented does not easily fit with Orica's business given the nature of how ammonium nitrate forms part of a formulated bulk explosives supply offer that is sold to customers. Orica can demonstrate the upwards and downwards reconciliations and SG&A splits as part of the verification visit.

A-8 Injury claims

1. Please provide any additional information (not already provided in your application) or elaborate on your application claims, addressing the likelihood of material injury occurring to the Australian industry in the absence of the anti-dumping measures.

Refer to industry application for continuation of measures.

2. Discuss factors other than dumped imports that may have caused injury to the industry. This may be relevant to the inquiry in that an industry weakened by other events may be more susceptible to injury from dumping.

The Australian market is influenced by import prices for ammonium nitrate. The outage at Pilbara Nitrates has impacted supply over the last twelve-month period, some of which had to be replaced by imports to meet customer contract commitments. These imports will cease once the plant returns to operations.

The Invasion of Ukraine by Russia has resulted in major increases in energy costs globally resulting in export prices for ammonia and ammonium nitrate experiencing significant uplift over the last 18 months. With normality returning to energy markets, ammonia and ammonium nitrate export prices are falling sharply and are headed to pre- pandemic levels once again raising the threat of dumped imports being injurious to Australian industry. Refer to Industry application for more commentary on this point.

3. What impact did the covid-19 pandemic have or be likely to have on the economic condition of the Australian industry?

   The pandemic limited import supply due to shipping constraints. Shipping has now returned to pre-pandemic levels and it is anticipated that import volumes will also return to pre-pandemic levels.

4. Did the measures on imported subject goods have an impact on the ammonium nitrate market in Australia including any effects on cost, price, supply and/or demand?

   The measures on imports of ammonium nitrate from China, Sweden and Thailand were effective in removing injurious prices from those supply sources. Importers subsequently shifted supply sourcing to Chile, Lithuania and Vietnam (refer Investigation No. 473).

Responses should be made as accurately and as comprehensively as possible. Supporting evidence should be attached wherever possible. It will not be sufficient to simply assert that the measure should remain in force.

Declaration

I hereby declare that...Orica Australia Pty Ltd (company) have completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete and correct to the best of my knowledge and belief.

Name **Malcolm Hart**

Signature 

Position in Company **Senior Manager – Global Projects**

Date **14/7/23**