Primary Industries and Energy Legislation
Amendment Bill (No.2) 1988

Date Introduced: 12 October 1988
House: House of Representatives
Presented by: Hon. John Kerin, M.P., Minister for Primary Industries and Energy

Digest of Bill

Purpose
To repeal the Sugar Agreement Act 1985 and redundant live-stock slaughter legislation.

Background
The sugar industry is concentrated in the coastal areas of Queensland and Northern N.S.W. In 1986 the industry produced 3.4 million tonnes of raw sugar. In 1986–87 around 80% of sugar produced was exported, earning $635 million from the sale of 2.5 million tonnes. World prices for sugar have declined significantly in recent years. Prices received for Australian sugar on the open market fell from $444.9/tonne in 1979 to $99.90/tonne in 1984. While prices have recovered to $216.80/tonne in 1985–86 and $201.90/tonne in 1986–87, it is not anticipated that prices will return to pre-1980 levels.1

Under successive Commonwealth – Queensland Sugar Agreements since 1923, the Queensland Government has acquired all sugar produced in Queensland and purchased all sugar produced in N.S.W. Under the agreement, sugar is available for domestic use at an administered price. This domestic pricing arrangement is underpinned by an embargo on imports of sugar, golden syrup, treacle, the imposition of customs duties on alternative sweeteners, and controls over exports. The existing domestic Sugar Agreement was negotiated against the background of the Industries Assistance Commission Final Report on the Sugar Industry. That report called for widespread deregulation of the industry, including immediate abolition of the import embargo on sugar, and ending the administered domestic price arrangements.2

The terms of the 1984–89 Agreement are generally similar to the terms of the previous Agreement which operated from 1979–84. The key difference in the 1984 agreement was new arrangements for fixing the domestic sugar price and for the administration of some exceptions to the import embargo. The import embargo was relaxed to facilitate the importation of specialty sugars not produced in Australia. Under the 1984 Agreement, sugar can be imported in packs of up to five kilograms in consignments of up to one tonne without Ministerial approval.
The domestic price of different grades of sugar and certain sugar products are determined on the basis of the stipulated maximum price for manufacturing grade bulk refined sugar, the maximum price of which is adjusted according to an objective formula which takes into account, on an equal basis, movements in the Consumer Price Index (CPI) and the world market price for sugar. The price is adjusted every six months, and the maximum price change between any two six-monthly periods is limited to the movement in the (CPI). The price of other grades of sugar, golden syrup, and treacle, is expressed as a proportion of the stipulated price for manufacturing grade sugar.

The 1984 Agreement provides for an export rebate system which is intended to prevent sugar-using export products being placed at a competitive disadvantage in overseas markets as a result of higher sugar prices arising from the administered domestic sugar prices arrangements. The rebate is based on import prices, with the rate declared on a monthly basis. Exporters can elect to accept the rate of rebate payable in any month for up to six months ahead.

As part of the May Economic Statement, it was announced that the prohibition on the importation of sugar and sugar products was to be replaced. The sugar embargo will be replaced by an ad valorem tariff of 25% on refined sugar and 35% on raw sugar, to be reduced progressively to 15% by 1 July 1992. In addition, the current domestic administered pricing arrangements will cease with the expiry of the current Agreement on 30 June 1989.

The live-stock export inspection legislation that will be repealed by this Bill has become redundant since the introduction of a fee for service charging scheme under the Export Control Act 1982.

Main Provisions
Clause 4 will repeal the Sugar Agreement Act 1975 and live-stock export inspection charge legislation. The former Act will be repealed as of 1 July 1989 (clause 2).

References