DRIED VINE FRUITS EQUALIZATION AMENDMENT BILL 1984

Date Introduced: 13 September 1984
House: House of Representatives
Presented by: Hon. J.C. Kerin, Minister for Primary Industry

Short Digest of Bill

Purpose

To expedite the payment of levy by packers, while ensuring that proceeds of sales are available before levy falls due, thereby facilitating quicker disbursement of equalization payments to growers.

Background

In liaison with the Australian Dried Fruit Corporation (ADFC), State marketing boards and member packers and agents, the Australian Dried Fruit Association (ADFA) annually establishes a target for the quantity of domestic consumption of dried vine fruit, and controls the distribution and pricing of sales of ADFA fruit on the domestic market. It is assisted in this area by partial exemptions from section 45 of the Trade Practices Act. In addition, for many years the ADFA operated a voluntary equalization scheme which supported the ability of the industry to maintain domestic prices which differed from export prices. The success of this voluntary scheme was threatened by a leakage of fruit from the export to the domestic market and in 1979 it was largely replaced by statutory arrangements.

The Dried Vine Fruits Equalization Act 1978 in tandem with the Dried Vine Fruits Equalization Levy Act 1978 provides a statutory scheme for equalizing the returns received from domestic and export sales of dried sultanas, dried currants and dried raisins. The five basic elements of the marketing arrangements sponsored by the Commonwealth government under existing legislation are:

1. levying of production sold on the domestic market on a varietal basis to support domestic prices at levels higher than export prices;
pooling of export returns from each season's pack on a varietal basis, so that exporters receive the same averaged export return irrespective of when or in which export market the product is sold;

disbursement of the proceeds of the levy and any net return from export pooling as an equalization payment over all production;

centralised export market co-ordination and promotion; and

underwriting of returns for sultanas.

The Principal Act provides that the levy - which is payable by the packer - becomes due for payment 3 months and 14 days after the month in which the leviable fruit ceased to be in the custody of the packer.

This time lapse was provided at the request of the industry to provide time for the packer to receive the proceeds of the sale before being required to pay levy on that sale. In particular it was designed to cover situations where a packer sent fruit to another firm for repacking or for storage by another firm.

ADFA has requested an amendment to the due date provisions aimed at speeding up levy collections and disbursements while still allowing reasonable time for packers to receive sales proceeds before levy is due. Under present arrangements there may be instances where packers receive the proceeds of domestic sales well in advance of the due date for levy payment. ADFA is anxious that there should be no undue delays in disbursement of equalization payments.

Main Provisions

Clause 3 on the time for payment of levy has been amended in two ways. First, providing for omission of "third" from paragraph (1)(a) of section 10 of the Principal Act, will reduce the period allowed before the levy becomes due and payable, from three months and 14 days after the month in which the fruit ceased to be in the custody of the packer, to one month and 14 days after that month.

Second, by proposing the insertion of a new sub-clause (1A) after sub-section (1) of section 10 of the Principal Act, the Bill extends the meaning of the term "the custody of the packer" to apply also to fruit in the custody of, or in the course of being sent by the packer to, the
The amendments concern the timing of payment of the equalization levy. They do not change the central provisions of the arrangements which effectively enable Australian producers to undertake dumping practices when the world price is lower than the price that the protected domestic market will bear.

In view of the recent experience of significant carry-over stocks of sultanas and raisins from one season to another, export sales for a season's pack are not likely to be finalised until well after levy collection. Thus it is not likely that the proposed amendments will expedite finalisation of the equalisation accounts for sultanas and raisins.

For further information, if required, contact:

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Reference
