Date Introduced: 25 October 1979
House: House of Representatives
Presented by: Hon. P.J. Nixon, Minister for Transport and Minister for Primary Industry

Short Digest of Bill

Purpose

To ratify the agreement reached between the Commonwealth and Queensland Governments regulating the availability of sugar and establishing a new objective mechanism for determining sugar prices.

Background

The Queensland Government is the sole seller of sugar on the domestic market under the Sugar Agreement 1975 between the Commonwealth and Queensland Governments. Under this agreement the Queensland Government undertook to make refined sugar available at a certain uniform maximum price at centres in which there are refineries and in Darwin, Hobart and Launceston. Under the agreement maximum prices were specified for various grades of refined sugar.

Evidence given to the IAC's Inquiry into the Sugar Industry revealed discontent with the system of Queensland - Commonwealth determination of the maximum price of sugar without any objectively defined principles of price fixation. In addition the uniform ex-refinery price resulted in certain anomalies, e.g. buyers in Newcastle were paying a higher price than buyers in Perth.

Following the IAC's Report a new agreement was entered into between the Commonwealth and Queensland Governments on 1 October 1979 to apply until 30 June 1984.

The major changes in the new agreement (see Schedule attached to the Act) deal with the determination of prices. The maximum price for IXD (manufacturing) grade bulk refined sugar is to be stipulated. The price of other grades, and golden syrup and treacle, is to be expressed as a proportion of the IXD bulk sugar price. The maximum prices are now "refinery gate" prices (or in the case of Darwin, Hobart and Launceston, will apply at suitable distribution centres) rather than being delivered free in
certain centres. Customers are now free to make their own delivery arrangements.

An objective domestic price determination procedure is established for IXD grade sugar. Over the first period 1 October 1979 to 30 June 1980 the price is $353 per tonne. In future financial years the price increase is given by the formula \( P \times I \times E \times C \) where,

- \( P \) is the price in the previous year.
- \( I \) is the percentage change in the CPI over the previous year.
- \( E \) is the proportion of average export returns to total returns over the previous year.
- \( C \) is 0.7 being deemed the ratio of cash costs to total industry costs.

Provisions

Clause 2 provides that the Act shall come into operation on the date it receives the Royal Assent with the exception of clause 6 which shall be deemed to have come into operation on 1 October 1979.

The Sugar Agreement Act 1971 is repealed (clause 3).

Clause 4 approves the Agreement (set out in the Schedule) made on 1 October 1979 between the Commonwealth and Queensland Governments.

The importation of sugar, golden syrup and treacle into Australia is prohibited except with the written consent of the Minister or an authorized officer (clause 5(1)). Any such imports shall be deemed prohibited imports under the Customs Act 1901 (clause 5(2)).

Provision is made for income deriving from investments made by the Fruit Industry Sugar Concession Committee Fund to be paid into that Trust Fund (clause 6).