Date Introduced: 15 November 1978
House: House of Representatives
Presented by: Rt. Hon. Ian Sinclair, M.P.,
Minister for Primary Industry

Purpose

To replace existing voluntary arrangements with a statutory scheme for equalizing the unit returns from the sale of dried vine fruit on domestic and export markets.

Background

For many years the marketing of Australian dried vine fruit has been closely regulated by voluntary agreement of bodies such as the non-statutory Australian Dried Fruits Association (ADFA), the statutory State Dried Fruits Boards of each of the 4 main producing States (namely, New South Wales, Victoria, South Australia and Western Australia) and the statutory Australian Dried Fruits Control Board (ADFCB). Domestic sales are controlled by the ADFA and the State Boards, and export sales are controlled by the ADFCB. State legislation in each of the 4 main producing States provides for packers to be licensed by their respective State Boards and enforces the delivery of dried vine fruit to such licensed packers.

Voluntary equalization arrangements for dried vine fruit, whereby unit returns from domestic and export sales are equalized, have existed in one form or another since 1911. Such arrangements are operated by the ADFA, whose membership is voluntary and consists of agents, all packers except one and most growers. In each season the ADFA, in consultation with the 4 State Boards, sets quotas on domestic sales in each State by ADFA members, with the surplus to be exported. For such domestic sales by ADFA members, the ADFA sets wholesale prices and conditions of sale. The ADFA pools returns from sales on the generally higher-priced domestic market with returns from export sales. An equalized price for all sales is then paid to agents for eventual payment to packers and thence to growers. Separate pools are conducted for each of the three varieties of dried vine fruit, namely, sultanas, currants and raisins.
The voluntary equalization arrangements and the State legislation for licensing and delivery collectively provide for the limiting of domestic sales so that the domestic price may be maintained at set wholesale levels. The maintenance of the domestic price at set levels above export prices is also assisted by an import duty on dried vine fruit and a degree of 'natural' protection provided by the freight advantage of domestic production over potential imports.

Since 1938, all packers except one (Angus Park Fruit Company Pty. Ltd. of South Australia) have participated in the voluntary ADFA equalization scheme. Although the non-participation of one packer has been regarded as a potential threat to the voluntary scheme, in the past this company has had a relatively minor share of the domestic market for dried vine fruit as it concentrated more on dried tree fruit.

However, with the advent of the Trade Practices Act 1974, the ADFA's virtual control over domestic marketing of dried vine fruit has lessened. Also, Angus Park Pty. Ltd. has recently been concentrating more on dried vine fruit than it had in the past and has been handling almost 10% of the total annual pack. The company has been selling all its pack on the domestic market and offering to growers a price higher than the ADFA equalized price. Other packers, which are all in the ADFA scheme, have been finding it difficult to compete with Angus Park and have been suggesting that they may be forced to leave the voluntary scheme. A further problem is the current surplus of red wine grapes which can be diverted to the dried fruit industry. These recent commercial pressures on the voluntary ADFA scheme have led the Government to accede to the long-standing ADFA request (since 1915) to place the scheme on a statutory footing. The Government's decision was announced by the Minister on 3 July 1978.

The Scheme

The new statutory scheme will commence on 1 January 1979 and will be administered by the Australian Dried Fruits Corporation (ADFC), instead of the ADFA as at present. In essence, the scheme will embody a compulsory levy/disbursement arrangement. The levy, which will be payable by growers, will be imposed on domestic sales, with the levy proceeds to be distributed (i.e. disbursed) as an equalization payment to growers in respect of all sales, domestic and export. In effect, growers will receive an equalized price for all sales.
Under the Dried Vine Fruits Equalization Levy Bill 1978 a levy will be imposed on the production of dried vine fruit (meaning currants, sultanas and raisins) in Australia. The levy will be waived if the fruit has been exported or has not been/is not to be sold for human consumption. Also, production will be exempted from the levy in certain circumstances.

The export of packed dried fruit (currants, sultanas and raisins) from Australia will only be permitted if made by the Corporation or by arrangement with the Corporation (clause 15).

This Dried Vine Fruits Equalization Bill 1978 covers in the main the collection and disbursement of levy moneys. A Dried Vine Fruits Equalization Trust Fund will be established and vested in the Corporation (clause 4). Moneys received by virtue of the equalization levy are to be credited to the Fund (sub-clause 5 (1)). Three separate accounts are to be kept in the Fund, one for each of the three varieties, currants, sultanas and raisins (sub-clause 6 (1)).

Although the levy will be payable by the producer (ie., grower), for ease of collection, liability for payment to the Commonwealth will fall on the packer who may then recover the levy from the grower (clause 11). Outstanding levy payments will attract a penalty at the rate of 10% per annum on the amount due and unpaid (clause 12).

Three levy rates (one for each of the three varieties) will apply in each season. Each rate will be prescribed after any recommendations from the Corporation to the Minister have been considered. The intent of the scheme will be to have a levy rate set for each variety equal to the amount by which the overall average domestic (unit) return exceeds the assessed overall average export (unit) return (as assessed by the Corporation).

For each of the three varieties, the Minister will determine, taking account of any recommendations made by the Corporation, the assessed (overall) average export (unit) return for all export sales (clause 16). The Corporation will calculate the (individual) average export (unit) return for each variety, for each exporter (clause 17). Where an exporter's individual average export return exceeds the assessed overall average export return, the exporter will have to pay the excess to the Corporation for payment into a varietal account in the Fund (paragraph 18 (2) (b)). Where an exporter's individual average export return is exceeded by the assessed overall average export return, the excess will be paid by the Corporation (from a varietal account in the Fund) to the exporter (paragrapha 18 (2) (c)) and is to
be passed on by the exporter to the growers concerned (sub-clause 19(1)).

The effect of the payment of the equalization levy on domestic sales, together with the above averaging "adjustments" to individual export unit returns from export sales, will be that the "initial" unit return received by the packer will be equal to the assessed overall average export (unit) return.

After the close of each annual season (a season will start on 1 January and end on 1 December), equalization payments will be made by the Corporation (clause 21) from each of the three varietal accounts (paragraph 7 (1) (a)) in respect of the eligible quantity of each variety. Eligible fruit will be all fruit packed in Australia during the season which is sold commercially for human consumption, regardless of whether it is sold domestically or exported (sub-clause 22 (3)). The rate of equalization payment per tonne for each variety will be determined by the Minister (sub-clause 22 (1)) and will be in accordance with the amount in the varietal account (most of which will be derived from equalization levy moneys) and the eligible quantity (sub-clause 22 (2)). The Minister may, taking account of any recommendations from the Corporation, fix an interim rate of varietal equalization payment (sub-clause 22 (4)) at which rate advances may be paid (sub-clause 22 (5)) from the Fund (paragraph 7 (1) (a)).

Equalization payments will be payable to producers (ie., growers) (sub-clause 23 (1)). However, for ease of making payment, the Corporation may pay the packer, who is to pass on such payment to the grower (sub-clause 25 (1)). If a grower is in debt to a packer, the packer may, with the grower's authorization, retain such payments to discharge such indebtedness (sub-clause 25 (3)).