

~~1978-79~~

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SUGAR AGREEMENT BILL 1979

EXPLANATORY MEMORANDUM

(Circulated by the Minister for Primary Industry
The Hon. P.J. Nixon M.P.)

SUGAR AGREEMENT BILL 1979

EXPLANATORY MEMORANDUM

This Bill approves an Agreement relating to sugar and certain sugar products, made between the Commonwealth and the State of Queensland and known as the Sugar Agreement 1979.

Short Title

Clause 1 provides for the Act to be cited as the Sugar Agreement Act 1979.

Commencement

Clause 2 relates to sub-section 5(1A) of the Acts Interpretation Act 1901 which provides that every Act shall come into operation on the 28th day after the day on which the Act receives Royal Assent unless the contrary intention appears in the Act, as with this Bill. The Act is to commence to operate from the date on which it receives Royal Assent, except that clause 6 is to be deemed to operate from 1 October 1979 for transitional reasons. The Agreement itself operates from 1 October 1979.

Repeal

Clause 3 provides for the repeal of the Sugar Agreement Act 1971 which gave approval to the Sugar Agreement 1969. The Sugar Agreement 1975 was not submitted to Parliament for approval.

Approval of Agreement

Clause 4 approves of the Agreement relating to sugar, and certain sugar products made on 1 October 1979 between the Commonwealth and the State of Queensland and provides for the Agreement to be set out in the Schedule to this Bill.

Prohibition of Importation of Sugar, Golden Syrup and Treacle

Clause 5(1) provides that the importation of sugar, golden syrup and treacle into the Commonwealth, except with the consent in writing of the Minister or an authorised officer, is prohibited.

Clause 5(2) provides that sugar, golden syrup and treacle imported into the Commonwealth in contravention of this clause shall be deemed to be prohibited imports within the meaning of the Customs Act 1901 and for the provisions of that Act to apply to any imported sugar, golden syrup and treacle.

Sub-section 5(3) defines an "authorised officer" as an officer authorised in writing by the Minister to give consents under this section.

Certain Interest to be
Credited to the Trust Fund

Clause 6 provides that interest or other income derived from the investment of moneys placed to the credit of the Trust Fund kept in accordance with section 60 of the Audit Act 1901 under the heading "Fruit Industry Sugar Concession Committee Fund" shall be paid to the credit of the Trust Fund under that heading.

The Schedule

The Schedule reproduces the Sugar Agreement 1979 as signed by authorised Ministers of both the Commonwealth and Queensland Governments and which entered into force on 1 October 1979.

The Sugar Agreement 1979 differs from the former Sugar Agreement 1975 in a number of ways.

The only maximum price to be stipulated in the new Agreement is that of IXD (manufacturing) grade refined sugar, in bulk.

This contrasts with the 1975 Agreement under which two maximum prices, for IXD and IA (grocery) grade in bags, were declared.

Other sugars are to be priced proportionately to IXD grade.

Sugar will be made available and priced ex-refineries (and, as previously, at suitable centres in Darwin, Hobart, and Launceston) instead of being delivered free in centres where refineries are established. Customers may also continue to have sugar delivered. This will permit customers a choice of delivery arrangements. Terms and conditions of delivery will be determined by the Sugar Board in accordance with the Agreement.

The maximum price for IXD grade in the new Agreement is \$353 per tonne, bulk. This is in line with the previous bagged price of \$370 per tonne on the then free delivery basis.

The most notable new feature of the Sugar Agreement 1979 is the introduction of an objective formula to establish the annual adjustment of the agreed maximum price.

The formula takes into account movements in the Consumer Price Index as well as export returns. A maximum limit to any change in price is set at the annual movement in the CPI.

The price adjustment formula will operate simply and mechanically using publicly available information.

The export sugar rebate system will continue unchanged.

The provisions of the Sugar Agreement 1975 relating to the payment of domestic sugar rebate have been retained, but the operation of this rebate will be reviewed within the term of the new Agreement.

Under this Agreement the Queensland Government agrees to fulfil those obligations undertaken by the Commonwealth in respect of export quotas, stockholding and stock financing, under the International Sugar Agreement 1977.