

FINANCE FOR SUGAR

Joint Statement by the Acting Prime Minister, the
Rt. Hon. J. McEwen and the Premier of Queensland,
the Hon. F. Nicklin

The Acting Prime Minister, Mr. McEwen, conferred this afternoon with the Premier of Queensland, Mr. Nicklin, together with the Federal Treasurer, Mr. McMahon, the Queensland Treasurer, Mr. Chalk, and the Minister for Primary Industry, Mr. Adermann.

The conference arose as a result of negotiations for a loan initiated by Mr. Nicklin on behalf of the sugar industry with the Prime Minister, Mr. Holt, several weeks ago.

In the light of experiences over the last two seasons, great difficulties are and have been experienced by the sugar industry, due principally to the extremely low open market price of sugar and in part to drought.

The industry's proposal had been that the Queensland Government should loan the industry \$19 million, repayable over a period and that the Commonwealth Government should put the Queensland Government in a position to assist the industry in this manner.

Mr. McEwen and Mr. Nicklin jointly announced after today's meeting that following intensive studies by the Governments, agreement had been reached and the Queensland Government will put the arrangement before representatives of the industry.

To cover financial requirements for the marketing of the 1966 No. 1 Pool of the Australian sugar crop, the Commonwealth will facilitate the provision of advances to the Sugar Board, against the guarantee of the Queensland Government, from the Reserve Bank through its Rural Credits Department at its standard rate of interest of 4½ per cent.

These advances will be repayable within one year and will be replaced by a repayable grant from the Commonwealth to the Queensland Government after 1st July, 1967.

This grant will be repayable over a period of ten years, commencing in the middle of 1970. During the period before then, it will not be subject to interest. Thereafter, it will carry interest at the medium term bond rate prevailing at the time the grant is made.

Commonwealth and State Ministers agreed that before the new sugar agreement is negotiated next year, the two governments will consult on all facts associated with the sugar industry.