



SPEECH

BY

The Rt Hon. J. G. GORTON, M.P.

ON

**COMMONWEALTH AND QUEENSLAND SUGAR
AGREEMENT**
(Ministerial Statement)

[From the 'Parliamentary Debates', 25 September 1969]

Mr GORTON (Higgins—Prime Minister) —by leave—The negotiations between the Commonwealth and Queensland governments for a new sugar agreement have been satisfactorily concluded and the basis on which that formal agreement can now be drafted has been arranged. The agreement between the two governments will be the most recent in a very long line of agreements which go back to the 1920s. They assumed their present form in 1934. The basic objectives which the sugar agreements were designed to serve had been endorsed by every Commonwealth government, and no less by the present Government. These were to regulate the marketing of sugar in the interests of both sugar producers and consumers.

The agreement which has now been negotiated will be substantially the same as the one it replaces. It will run for 5 years, during which the Commonwealth has agreed that it will continue the present embargo on the import of sugar and sugar products, and the Queensland Government will control raw sugar production and meet Australian needs for refined sugar and sugar products at agreed maximum prices as a first priority. The assurance of supplies for relatively long periods at fixed prices for a stable commodity is of inestimable benefit

to both sugar producers and domestic consumers. Australian domestic prices have remained constant from 1960 to 1967 despite very wide fluctuations in world prices.

The domestic sugar rebate scheme, which has been a feature of sugar agreements for a very long period, will be continued in the new agreement but the rate of rebate will be increased from \$10 to \$15 per ton from 1st July 1969 to bring it back towards the position it held before the 1967 sugar price increase of \$25 per ton. This will be the only change of any substance in the new agreement. To finance the increased rate it has been agreed that the funds made available by the State, on behalf of the raw sugar industry, to pay the domestic rebate will be increased to \$924,000 a year. Although on the face of things it might appear that this imposes an additional burden on the raw sugar industry, this is far from the case. The sugar industry's interests are best served when consumption in the domestic market—its best market—is maximised. The increase in the domestic rebate is designed to serve the interests of both the fruit processing industry and the raw sugar industry. In the case of the former industry, this assistance takes the form of the provision of an additional

incentive to processors to purchase fruit for processing at reasonable prices. In the case of the sugar industry, the advantage of maximising domestic consumption is patently clear when it is realised that the alternative to domestic usage is exports at the vagaries of the world market price.

The maximum wholesale domestic prices for sugar and sugar products, which are prescribed in the existing agreement, will remain unaltered in the new agreement. The export sugar rebate arrangements, which had also been a conspicuous feature of past agreements, will continue to apply. This rebate ensures that exporters of products in which sugar has been used will obtain their requirements at prices related broadly to the Australian import parity price or, in other words, what they would have paid had there been no embargo on the importation of sugar. This will continue to ensure that the unique position granted to the local sugar industry did not react to the detriment of exporters and is in keeping with the Government's policy to do everything possible to encourage the maximum exports of both the products using sugar and, as a consequence, the sugar contained in those exports. Since the export of sugar in manufactured products is not a charge against Australia's quota under the International Sugar Agreement, the maximum utilisation of sugar in exported manufactured products is of vital interest and great benefit to sugar producers.

Experience in operating the provisions of the existing agreement, since the last major review in 1962, has indicated that some changes can make it more effective in its operation and clearer in its expression. During the drafting of the new agreement the opportunity will be taken to effect these

adjustments, which are largely of a technical or drafting nature and will have no bearing on the principles on which the agreement is based. This, as previously indicated, will follow the traditional lines of previous agreements. Action is in hand to prepare a formal new agreement and the two governments have agreed to extend the operation of the present agreement to give time for this work to be completed. They have also agreed that the new agreement will have retrospective effect from 1st July 1969.

Since it is not possible to bring the new sugar agreement before the Parliament in its present session, and since it was agreed by both the Commonwealth and the State of Queensland that it is in the interests of both producers and consumers that it should be brought into operation as soon as possible, it has been agreed that it will come into full force and effect upon its signing in order that the benefits could commence to flow without delay. The new agreement would need to be brought before the new Parliament early in its life.

I am confident that Australian sugar producers and domestic consumers will find the terms of the new agreement acceptable and in their long term interests. In the case of sugar producers, it gives them the assurance of sole access, at remunerative prices, to their largest single market for a reasonable period. Domestic consumers are assured of constant supplies at stable prices. In conclusion, it has been agreed between the parties that, since Commonwealth parliamentary debate on this agreement is not possible this session, printed copies of the formal agreement, when signed, would be prepared by the Commonwealth for distribution to interested parties.