**MARGINAL DAIRY FARMS (AGREEMENT) BILL 1971**

**HOUSE OF ASSEMBLY, 6 APRIL 1971, PAGE 4773**

**Second Reading**

His Excellency the Governor, by message, recommended to the House of Assembly the appropriation of such amounts of money as might be required for the purposes mentioned in the Bill.

The Hon. J. D. CORCORAN (Minister of Works) obtained leave and introduced a Bill for an Act to approve an agreement between the Government of the State and the Government of the Commonwealth to provide for financial assistance to the State for the purposes of a marginal dairy farms reconstruction scheme and for purposes incidental thereto. Read a first time.

The Hon. J. D. CORCORAN: I move:

That this Bill be now read a second time.

After lengthy negotiations the Commonwealth of Australia and the State of South Australia have entered into an agreement in relation to a marginal dairy farms reconstruction scheme. This agreement was executed on Friday last, April 2, 1971, by the Prime Minister of the Commonwealth and the Government of this State. The agreement is set out as a schedule to this Bill and by this measure Parliament is asked to approve the agreement and to pass the necessary enabling legislation so that the scheme of reconstruction can be established. The purpose of the scheme is to provide arrangements for the reconstruction of dairy farms which are marginally economic. The agreement is based upon the general proposition that the Commonwealth and the States mutually recognise that there is a low-income problem within sectors of the dairy industry, particularly in the case of those producers relying on the sale of milk or cream for manufacturing purposes.

The low-income problem within the dairy industry varies within different regions of the Commonwealth and arises from various causes which may include the marginal nature of the farm in relation to its level of production or its general efficiency. The Commonwealth Government has agreed to provide $25,000,000 over the four years from July, 1970, for the purposes of carrying out the scheme throughout Australia. There is no definite allocation of money to any particular State, the actual amounts available to each State being determined by the rate at which the scheme progresses. The scheme is one which is Commonwealth-wide and the terms laid down by the agreement are, of necessity, general in their application to the dairy industry throughout Australia. However, to meet the particular needs of South Australia, special provisions have been agreed between the Minister for Primary Industry and the State Minister to provide for the situation created by the system of equalising returns to farmers from sales of whole milk and manufacturing milk in the metropolitan milk-producing districts. Although these provisions are not included in the agreement, as this document is one of Australia-wide application, they are covered by an exchange of letters between the respective Ministers of the Commonwealth and the State.

I would particularly direct members’ attention to the definitions of marginal dairy farms and economic units, which are shown in clause 1 of the agreement. If members refer to clause 5, they will see that the level in respect of a marginal dairy farm agreed for the purposes of these definitions is an average of 12,000 lb. per annum of butter fat or such other level of production as may from time to time be agreed by the Commonwealth Minister and the State Minister. For the general purposes of the scheme the average level of 12,000 lb. of butter fat will be used, but where farms in the metropolitan milk producing district are concerned this will be modified. Provision is made to include a rural property used wholly or partly for dairying within those areas of land constituting the metropolitan milk producing district, as are prescribed from time to time, provided that:

1. not less than one half of the gross income of the rural property is obtained from the production of milk or cream that is derived from not less than 20 lactating cows,
2. the authorities certify that the level ofproduction of the rural property if used only for dairying and purposes incidental to dairying is not reasonably capable of producing to a level of, or the equivalent of, an average per annum of 10,000 lb. of butter fat, and
3. a system acceptable to the Commonwealth Minister and the State Minister operates for the purpose of equalising the returns from the sale of milk produced.

This provision will operate in a manner which will enable an uneconomic dairy farm within the metropolitan milk producing district to be dealt with under the scheme should any dairy farmers in this situation so desire. This latter provision is one of great importanceto the dairy industry in South Australia and the Government is pleased that the Commonwealth has seen fit to agree to this provision. The Government regrets having to ask the House to consider a measure of this nature at this stage of the session but, as the agreement has only just been executed, honourable members will realise that submission of a Bill earlier has not been possible. Nevertheless, the Government wishes to bring this scheme into operation at an early date and hopes that the House will see fit to give this Bill a speedy passage.

I now turn to consider the Bill in some detail. Clause 1 is formal. Clause 2 sets out the definitions necessary for the purposes of the Bill. Clause 3 provides for the approval of the agreement and formally designates the Minister to whom the administration of the measure will be committed as the authority for the purposes of the reconstruction scheme. The Minister of Lands has constituted this authority and it is intended that the administration of the scheme will be handled by the Lands Department. Clause 4 is a formal provision providing for amendment of the agreement with a provision that any amending agreements will be tabled in this House. Clause 5 is a most important provision from the point of view of this State, as I have previously mentioned. Because of the operation of the system of equalising returns to farmers in the metropolitan milk producing district from the sales of milk wholesale and as manufacturing milk, it is likely that many dairy farms in this State would not have fallen within the definition of a marginal dairy farm as set out in clause 1 of the agreement. This equalisation scheme is unique to this State. As I have already stated, an exchange of letters has taken place between the Commonwealth Minister and the State Minister, which forms the basis of an extension of the scheme as earlier outlined. This exchange of letters will constitute the framework within which the agreement for the extension of the scheme will operate.

Clause 6 formally constitutes the marginal dairy farms reconstruction scheme fund the operation of which will be apparent from an examination of the financial provisions of the agreement contained in clauses 17 to 28 thereof. Clause 7 enables advances to be made by the Treasurer to the fund. Clause 8 is intended to ensure that farms built up under the scheme do not again become fragmented in uneconomic units. The agreement itself is, as I have mentioned, set out in the schedule and generally is self-explanatory. The scheme has beenundertaken sothat dairy farmers, whose farmshave insufficient potential to become viable economic units while based on the sale of milk or cream for manufacturing purposes, may voluntarily dispose of their land and improvements. Such farms, after allowing for the disposal of redundant improvements, may be made available to build up other dairy farms into economic units. In the disposal of reconstruction land, it is required that the authority shall have due regard to the objective of securingthe most practicable and economic use of land with a view to achieving, so far as consistent with such land use, the diversification of production. It should be pointed out that there is no obligation on the authority to purchase farms solely because an application has been received for it to do so. The scheme is entirely a voluntary one and it is expected that it will operate by farmers wishing to build up their holdings arranging with others who wish to sell out joining in ajoint application to the authority.

The authority will not be in a position to provide livestock, plant or crops or the like and funds must be devoted entirely to the purchase of land and improvements for reconstruction purposes. In dealing with the agreement in some detail, clauses 1 to 3 are self-explanatory and require no comment. Clause 4 of the agreement sets out in detail the basis of the scheme and I direct members’ attention to thisparticular clause. Clauses 5 to 16 of the agree­ment again set out in detail the manner in which the scheme is intended to operate. Clauses 17 to 26 set out the financial basis of the scheme. In summary, the State will be required to pay back to the Commonwealth half of the amount paid by the Commonwealth to the State together with interest over a period of 23 years. I commend the Bill to members.

*Later:*

Mr. NANKIVELL (Mallee): We on this side have no objection to the Bill, because it ratifies an agreement that has been signed by all States and the CommonwealthGovernment. However, I should like to draw the attention of the House to two points. One is that it is a first-come-best-dressed Bill in regard to money being made available by the Commonwealth Government, and I think it is important that this point be emphasised. Unlike the Bill that will follow, there is no percentage allocation of the $25,000,000 to any individual State. The sum of $25,000,000 is to be allocated over four years, repayable over 23 years. However, the State that borrowsmost money will receive the most benefit. There may be areas in this State, such as the dairying districts which are now involved in a readjustment process as a result of the policy on catchment areas, wherein I believe somethingmight well bedone to take advantage of this legislation.

The only other point to which I refer is that the second reading explanation refers to a special provision relating to South Australia which is not incorporated in the Bill. The Bill refers specifically to milk and cream used for manufacturing. No reference is made in the Bill, including the schedule, to milk or cream used for human consumption, and I believe that that is why this State has been continuing to negotiate with the Commonwealth Government. This State has agreed to accept the proposals only at this stage because, as we are told, letters have passed between the State and the Commonwealth relating to our objection. The State’s objection was that many of the dairy farmers in this State are involved in city or whole milk production for human consumption.

As I have said, this is not referred to in the schedule or the Bill itself, and I should like the Minister to assure the House that he is confident that the letters passing between the State and the Commonwealth regarding city milk licensing areas, the special provisions made here with respect to the quantity of butterfat that qualifies a city milk licensing property to be considered as a marginal farm, and all other aspects relating to this matter that are specific to South Australia are, in fact, covered in such a way that there can be no doubt in law that they are binding on the parties. I raise this matter because it is independent of the Bill. In the second reading explanation we have been told that the provision has been agreed to by the Minister for Primary Industry and the State Minister, and it goes on to say that, although the provision is not included in the agreement, as this document is one of Australia-wide application it is covered by the letters that have been exchanged between the respective Commonwealth and State Ministers. It is only on this matter that I have any reservations concerning which I should like an assurance from the Minister when he replies. I support the Bill.

Dr. EASTICK (Light): I wholeheartedly agree with the remarks made by the member for Mallee regarding the special arrangement that applies to South Australia. We find that as at June 30, 1970 (the date to which the figures provided in relation to the Metro­politan Milk Board licences apply), there was a total of 1,870 licences. One major provisionto which the Minister referred in his second reading explanation was that 20 lactating cows represented one of the basic features of the arrangement. The distribution of herd size in relation to these 1,870 licences is interesting, and is as follows: between one and five cows, there is a total 34 licences; six to 10, 65; 11 to 15, 102; 16 to 20, 122; 21 to 30, 294. That gives a total of 617 licences, or 33.04 per cent. Although I have further figures, I point out that to have 20 lactating cows in production requires that considerably more cattle be held on a farm. From personal experience, I believe that 30 or 35 head of cattle would be required. On this basis, we see that potentially one-third of the total Milk Board licensed properties would qualify in respect of the arrangement effected in the Bill. Although I know that other issues are involved relating to quantity of butterfat and percentage of total income that shall apply, etc., I raise this point.I repeat that one-third of the total Metropolitan Milk Board licences in South Australia could be involved under this scheme

My colleague has said that it seems to be a first-in-best-dressed arrangement, and the fact that the agreement was signed only as recently as last Friday will, I hope, enable properties in this State to obtain assistance if required. This could be important in those areas that are becoming affected by the recent amendment to the Waterworks Act involving zoning and problems in relation to the size of subdivided blocks. In explaining the Bill, the Minister said:

Clause 5 is a most important provision from the point of view of this State, as I have previously mentioned. Because of the operation of the system of equalising returns to farmers in the metropolitan milk producing district from the sales of milk wholesale and as manufacturing milk, it is likely that many dairy farms in this State would not have fallen within the definition of a marginal dairy farm as set out in clause 1 of the agreement.

The executive of the Metropolitan Milk Board, which has had the opportunity to consider the matter in the brief time since the Minister introduced the Bill, points out that there is doubt about use of the term “wholesale” as it is referred to in the second reading explanation. The board, from its experience, believes that there could be some confusion here and that it would be better to insert “for human consumption” instead. The board believes that the use of “wholesale” could be unduly restrictive as regards interpretation. However, I support the Bill.

The Hon. D. N. BROOKMAN (Alexandra): I, too, support the Bill. Naturally, I am interested in the provisions set out in clause 5 and the exchange of letters referred to in the Minister’s second reading explanation, because it is crucial to the South Australian dairying industry that dairies that produce whole milk are not excluded from the scheme. Some of these dairy farms are in considerable difficulty, and certainly merit attention. In his explanation the Minister states:

An exchange of letters has taken place between the Commonwealth Minister and the State Minister which forms the basis of an extension of the scheme as earlier outlined. This exchange of letters will constitute the framework within which the agreement for the extension of the scheme will operate.

Will the Minister provide information about the exchange of letters, or will he further explain it? We have his assurance in his second reading explanation (I take it as his assurance) that the whole milk dairies will not be excluded from the scheme but, unless this is secret information, there is no point in his withholding the letters that show this to be the case. I support the second reading.

The Hon. J. D. CORCORAN (Minister of Works): The member for Alexandra always seems to be suspicious that we may not have tightened things up quite enough. The Government realised that this aspect was crucial and that is why it pursued the matter as it did. The honourable member can be assured that the Government has done all that it could in the circumstances to ensure that people who would be affected by this measure have been catered for. As we have said, it is a unique situation concerning the equalisation scheme. Clause 5 provides for the extension of application of the scheme. I do not know whether the letters exchanged between the Commonwealth and State Ministers contained any information that should not be revealed, but I should imagine that they did not. If my colleague the Minister of Lands does not object to providing the letters (and this would satisfy the honourable member), I am sure he would provide them, although I cannot say now whether he can do so.

I assure the honourable member that this aspect would not have been pursued in the way it has been if we had not been concerned about it. I am satisfied that officers of the Lands Department and the Minister would have been certain that this covered the matter adequately, or they would not have agreed to it. As pointed out by the member for Light, the agreement was signed only on Friday, and we have the distinct advantage of being the first State to enact the legislation, and this should enable us to take advantage (if it is an advantage, and if one can talk of an advantage in this situation) of capitalising on it, to have the scheme working, and to obtain our fair share of the $25,000,000 in the next four years. I draw the attention of the member for Mallee to clause 5 concerning the exchange of letters. I understand that he realises that the extension of application of the scheme is written into the Bill, as this clause provides:

Notwithstanding anything in this Act or in the agreement, the scheme may, with the consent of the Minister and the Commonwealth Minister—

and no doubt this is provided for in the letters exchanged that both must sign—

extend to the acquisition under the scheme of land comprised in a rural property used wholly or partly for dairying but not being a marginal dairy farm as defined for the purposes of the scheme as if that rural property has been such a marginal dairy farm.

Concerning the point made by the member for Light about wholesale milk, I draw his attention to the fact that it is referred to in my second reading explanation: there is nothing in the clause of the Bill, and I cannot say whether it was a loose interpretation placed on it in the second reading explanation. I will check that point and if there is a need to alter it that can be done.

Bill read a second time.

In Committee.

Clauses 1 to 4 passed.

Clause 5—“Extension of application scheme.”

Mr. NANKIVELL: I point out to the Minister that if the matter had been clearly defined in clause 5, as the Minister suggests, it would not be necessary for the exchange of letters to take place between the Commonwealth and State Ministers.

The Hon. J. D. Corcoran: It is there only as a result of the letters.

Mr. NANKIVELL: It is not made clear.It is an ordinary clause in the agreement, and I presume that this clause would apply to the Bill in every other State. I question whether it is as clear-cut as the Minister suggests, because the clause provides that there should be an extension of application of the scheme. If it appears here and if it is common to other Bills (as has been suggested), there should not be any need to have the letters to confirm whether the position in South Australia is as set out in the second reading explanation.

The Hon. D. N. BROOKMAN: I support the member for Mallee: the Minister reacted strongly to my suggestion.

The Hon. J. D. Corcoran: You are always so suspicious.

Mr. Millhouse: Your reaction would make him suspicious.

The Hon. D. N. BROOKMAN: Generally, this Committee considers itself entitled to be given full information. The Minister’s statement, for its passion and emotion, convinced us that the Minister is satisfied that South Australia’s interests have been properly cared for. I do not think he has read the letters.

The Hon. J. D. Corcoran: I have not seen them.

The Hon. D. N. BROOKMAN: The Minster does not know whether there is something secret in them or much else about them, except that he is satisfied. Many hundreds of dairy farmers in my district will not be considered if these letters contain a flaw. I do not intend to ask the Minister to find the letters or speak to his colleague, but by the time this legislation finally goes through Parliament it should he made clear, if not in this Chamber, in the other place, what is in the letters, as this greatly affects future safeguards for the farmers concerned.

Clause passed.

Remaining clauses (6 to 8), schedule and title passed.

Bill read a third time and passed.

Clause passed.

Remaining clauses (6 to 8), schedule and title passed.