**WHEAT MARKETING BILL 1980**

**Legislative council, 28 February 1980, pages 1316-7**

Second reading

The Hon. J. C. BURDETT (Minister of Community Welfare): I move:

That this Bill be now read a second time.

It is complementary to legislation of the Commonwealth and other States. It will allow the Australian Wheat Board to continue to exercise sole authority for the export and domestic marketing of wheat. The previous five-year plan for wheat stabilization expired in 1979 and the new scheme will extend for five years until 1 October 1984. At the present time, certain basic elements of the new scheme are operating in South Australia by regulations made under the outgoing legislation. This transitionary arrangement will cease to operate when the legislation proposed in this Bill becomes law. By far the most significant change proposed is the new guaranteed minimum delivery price that takes the place of the traditional first advance payment. This will be set at 95 per cent of the average of the pool returns for three years—for the past year, and the expected-returns for the present year and the year ahead.

It is expected that the guaranteed minimum delivery price will provide relative income stability while providing the necessary price signals from the market place. Annual movements from one season to the next will be subject to a limit of 15 per cent. Any deficiency between the net pool return and the guaranteed minimum price will be met by the Commonwealth Government. The price of wheat for human consumption will be fixed by legislation for the year commencing 1 December 1979 at $127.78 a tonne. In subsequent years it will be varied annually according to a formula. Movements in the price from year to year will be subject to a limit of 20 per cent.

The pricing formula is based on three principles. First, a degree of short-term isolation from sudden, large cost increases is provided. Secondly, price stability is incorporated by using a portion of the previous year's domestic and export prices in the formula. Thirdly, the fomula is designed to give a price that will, over time, generally parallel longer-term price trends on inter­national markets at a level approximating 20 per cent above export prices.

Production of wheat in Tasmania is insufficient to meet local requirements and the deficiency is made up with supplies from the mainland. In 1977-78 this amounted to 89 000 tonnes. The cost of the freight to Tasmania has been met by a levy on all human consumption wheat, and this has been a regular feature of wheat stabilization arrangements. The domestic market price for wheat for stockfeed and industrial purposes will be determined by the Australian Wheat Board and shall be the same throughout the Commonwealth at any one time. To assist the board in setting a price for stockfeed and industrial wheat, a consultative group will be established that will consist of producers and users of such wheat.

The prices set will not be subject to a ceiling, but a safeguard will be provided against inappropriate decisions by reviews of such decisions, if necessary, by Ministers at meetings of the Australian Agricultural Council. In the new five-year plan growers will be able to engage in grower to buyer transactions, provided they pay a share of the cost of handling facilities by South Australian Cooperative Bulk Handling Limited. They will be required to pay, also, other charges, such as the research levy and the grower fund deductions. I seek leave to have the explanation of the clauses inserted in Hansard without my reading it.

Leave granted.

Explanation of Clauses

Clauses 1 to 4 are formal and clause 5 defines certain expressions used in the proposed Act. Clause 6 provides that the proposed Act is to operate subject to the Commonwealth of Australia Constitution Act. Clause 7 will confer certain powers on the Australian Wheat Board, including power to receive and sell wheat delivered to it. Clause 8 provides that South Australian Co-operative Bulk Handling Limited is an authorised receiver and may enter into agreements with the Australian Wheat Board. Clause 9 provides that the Wheat Board is subject to the direction of the Commonwealth Minister in the exercise of its functions.

Clause 10 provides that the board may acquire wheat by delivery or by a notice demanding delivery. A notice cannot require a person to deliver wheat if it is retained on the farm for the grower's own use. Once delivered to the board, the wheat becomes the property of the board. Clause 11 deals with the delivery of wheat to South Australian Co-operative Bulk Handling Limited. Clause 12 provides that the proposed legislation is not to apply to seed wheat or inferior wheat which would not be acceptable to the board. Clause 13 will enable a person to obtain a permit to move wheat from one farm to another or to a mill for gristing.

Clause 14 is a new provision in the legislative scheme. Growers will be able to engage in grower to buyer transactions provided they pay a share of the cost of handling facilities by South Australian Co-operative Bulk Handling Limited. That cost will be determined by the board after consultation with the industry. Also the growers will pay other relevant charges such as the research levy and the grower fund deductions. Clause 15 will prohibit the selling of wheat without the written consent of the board. The old provision also prohibited the movement of wheat from the farm where it was grown. The new clause will allow the movement between farms owned by the same person by introducing a permit system for the movement. Clause 15 also introduces a new concept in prohibiting the use of wheat for purposes other than those which may be specified in the contract of sale.

Clause 16 provides that the advance payment made by the board shall be the guaranteed minimum price modified by allowances for quality, variety, locality, cost of transport, charges, and charges under the Wheat Tax Acts and the Wheat Levy Acts. If wheat is delivered after the final delivery day, an additional charge will be made based on additional administrative costs. Clause 17 provides for the final payment. Both clauses 16 and 17 are concerned with the seasons covered by the proposed legislation other than the last two; that is, the seasons for 1984 and 1985. A modified scheme for payment in those seasons is provided for in clause 18.

Clause 19 sets out ancillary provisions relevant to all payments. Clause 20 provides for the furnishing of declarations in relation to old season's wheat. Clause 21 fixes the price of wheat for human consumption for the year commencing 1 December 1979 at $127.78 and provides a formula for the following years. There will be added to the price a charge to enable the board to meet the costs of shipment of wheat to Tasmania. This clause will also allow the board to determine the price of wheat for stockfeed and industrial use. Clause 22 provides for the keeping of special accounts by the board relating to dealings concerning Tasmania. Clause 23 provides for a quota season if it is necessary to declare such a season.

Clause 24 deals with the appointment of authorised persons for the purposes of the proposed legislation. Clause 25 empowers the board to require the furnishing of information relating to wheat and allied matters. Clause 26 requires persons in possession of wheat owned by the board to take proper care of it. Clause 27 provides that South Australia Co-operative Bulk Handling Limited shall notify the Australian Wheat Board of the proportion of the remuneration that is referable to capital expenditure after consultation with the grain section of United Farmers and Stockowners of S.A. Incorporated.

Clause 28 will empower an authorised person to enter premises for the purposes of searching for wheat and any documents in connection with wheat. They will not be allowed to enter any premises used for residential purposes without the consent of the occupier or a warrant from a justice of the peace. Also, authorised persons will be able to stop and detain any motor vehicle that contains wheat and demand the production of documents. They will also be able to seize wheat which they reasonably suspect is the property of the board or which has been lawfully demanded by the board. Clause 29 ensures that the board may apply its funds for the purposes of the joint Commonwealth-State scheme of which this proposed legislation forms a part. Clause 30 provides a general penalty section in relation to offences created under the proposed Act. Clause 31 empowers the Governor to make regulations for the purposes of the proposed Act.

Schedule 1 sets out the details by which the price of wheat for human consumption will be fixed. The formula for ascertaining the price of wheat for human consumption contains three groups of factors. The first allows the effects of sharp rises in wheatgrowing costs to be reflected in the price. The second includes last year's price and last year's export returns and provides both a degree of year-to-year stability and a direct association with world prices. The third part of the formula is a somewhat complex arrangement which, together with earlier parts, will ensure that the human consumption price will average over the longer run, although not necessarily in any one year, some 20 per cent over export parity.

The Hon. FRANK BLEVINS secured the adjournment of the debate.