**WHEAT MARKETING ACT AMENDMENT BILL 1984**

**Legislative council, 12 September 1984, pages 772-3**

Second reading

**The Hon. FRANK BLEVINS (Minister of Agriculture)** obtained leave and introduced a Bill for an Act to amend the Wheat Marketing Act, 1980. Read a first time.

The Hon. FRANK BLEVINS: I move: That this Bill be now read a second time.

Since the Second World War, the wheat industry in Australia has operated under a series of five year marketing (or stabilisation) schemes. Details of a new wheat marketing scheme, which is to operate from 1 October 1984, are currently being finalised and legislation to implement the scheme will be passed by the Commonwealth and all States in due course. That legislation will cover all aspects of the Australian wheat industry. In the interim, this short Bill seeks to amend the Wheat Marketing Act, 1980, to permit the new domestic pricing arrangements for human consumption wheat to operate from 1 October 1984, thereby allowing continuity of wheat sales to millers under those pricing arrangements which form an important part of the new wheat marketing scheme.

Currently, the domestic price of human consumption wheat is determined annually by a formula which is designed to maintain the home price, on average, at a level of 20 per cent above export parity. The formula has failed to achieve this aim. At the present time, the domestic human consumption price is around 40 per cent above export parity. Under the Bill, a domestic human consumption price will be determined each quarter. The price will be an average of forward Australian Wheat Board for (a) the quarter in which the price will apply and (b) for the quarter preceding the quarter in which the price will apply.

To this average price the Commonwealth will add an amount made up of two components: 1. An amount to cover the extra costs incurred by the Australian Wheat Board in servicing the domestic human consumption market, compared to those costs incurred by the Board in servicing the export human consumption market; and 2. A levy to finance the shipment of wheat to Tasmania.

There will be no change in the role of the Australian Wheat Board in administering the domestic human consumption wheat market. The amended method of price determination will result in an improvement in the economic efficiency of wheat marketing by linking the domestic human consumption price directly to export returns. The quarterly price will be determined prior to the commencement of each quarter and, because the price will be an average over two successive quarters, the effect of any major export price changes between quarters will be dampened.

Consultation with wheat growers and their representatives and with the milling industry has been exhaustive and the proposal is considered an acceptable compromise between all groups. I seek leave to have the detailed explanation of clauses inserted in Hansard without my reading it. Leave granted.

Explanation of Clauses

Clause 1 is formal. Clause 2 provides that the Bill comes into operation on 1 October 1984. Clause 3 makes an amendment to section 14 of the principal Act that is consequential upon the amendments contained in clause 4.

Clause 4 amends section 21 of the principal Act. Subsections (1) and (2) are struck out and new subsections substituted. New subsection (1) provides that the price at which, during the relevant season, the Board shall sell wheat for consumption in Australia is the price derived under this section. New subsection (2) provides that, during a quarter (the ‘relevant quarter’) the price per tonne of Australian standard white wheat in bulk sold free on rail at a port of export for human consumption in Australia is the amount determined by the Commonwealth Minister in the following manner: by taking the average export price quoted by the Board during the 20 business days immediately preceding the sixteenth day of the months immediately preceding the relevant quarter and the quarter preceding the relevant quarter (that is, the average price over those 40 days) for Australian standard white wheat to be disposed of during the relevant quarter or the preceding quarter, by the Board by way of export sale, and by adding to that average price such amount (if any) estimated by the Commonwealth Minister under subsection (2a).

Under new subsection (2a) the Commonwealth Minister may, after consulting the Board, estimate an amount per tonne by which the costs of marketing wheat for human consumption in Australia exceed the costs of marketing wheat for human consumption for export. Paragraphs (b), (c), (d), (e), (f), (g) and (h) make minor amendments that are consequential. Paragraph (i) provides that subsection (12) is struck out and the following subsections substituted: new subsection (12) provides that where a person exports wheat products that contain any wheat sold by the Board under this section, the Board shall, on the application of the person, refund to him the amounts referred to in subsections (2a) and (3) that applied in relation to that wheat when it was sold by the Board. Under new subsection (13), applications under subsection (12) must be in a form approved by the Board.

New subsection (14) provides definitions for use in the section: ‘associated farm’ has the same meaning as in section 13; ‘business day’ means a day other than Saturday, Sunday or a public holiday in the place where the head office of the Board is situated; ‘quarter’ means a period of three months commencing on any 1 January, 1 April, 1 July or 1 October; and ‘relevant season’ means the year beginning 1 July 1984. Clause 5 provides for the repeal of the schedule to the principal Act which, by virtue of the amendments to section 21, is no longer required.

The Hon. PETER DUNN: In the interests of passing this Bill quickly, and as the Minister stated this is required by 1 October, I will endeavour to explain the position of the Opposition, which supports the Bill wholeheartedly. A couple of matters in this Bill need further explanation. Principally, the Bill changes the system by which the human consumption price of wheat and the price of wheat for stock feed are determined. In the past the Bureau of Agricultural Economics put out a formula based on its forward projection of the price of export wheat for the ensuing 12 months.

The price of that wheat determined the price of wheat for human consumption and stock feed in Australia. Endeavours were made to keep that price below a limit of about 20 per cent, although no specific percentage was set. Over the past two or three years the BAE has been wrong in its projections for the forward 12 months. This is understandable as wheat prices fluctuate quite severely with seasons. We have recently seen in the paper where the Russian wheat season, which considerably determines the price of export wheat, has been unsuitable for wheat growing and the expected crop is lower than was at first thought. I understand also that the American season was not as conducive to high yields of wheat as was first thought and, because of that, there has been an increase in the price of world export wheat.

This meant that the BAE projected that the price of wheat would rise, but it did not rise as much, because of our big season last year—a record wheat yield season. This year it appeared that the price fixed by the formula set up by the BAE of about $227 per tonne for wheat for human consumption would be close to 40 per cent above the export price of wheat.

That was distinctly unfair, especially to the consumer, and the producers were receiving the average of the prices for human consumption wheat, stock feed wheat and export wheat; that was unrealistic. So, it was decided to change the method of determining the price of wheat for human consumption and stock feed to a method based on the export price alone, plus the costs of administering the holding of that wheat.

The costs of administering the holding of wheat are made up of costs associated with on-site buildings to hold the wheat and the segregation of the wheat required for human consumption. Generally, home consumption wheats are hard wheats or high protein, high quality wheats used for bread making. Of course, some wheat is used for pasta-making and biscuit making, but that is not of such high quality. This wheat must be separated; otherwise, the mixing of them makes for poor products. There is also the extra cost of handling the wheat and of treating these huge quantities of wheat for insects to keep them insect free.

Recent reports from overseas indicate that some countries object to our grain products containing snails and, I believe, some castes in India do not like creatures of any type in their grain. Therefore, as an export nation, our products must be free of insects. Finally, there are bulk handling charges. All these charges can add up to $26 per tonne, which is added to the export price of the wheat, whether it be a prime hard wheat, an Australian standard white wheat or just an Australian standard hard wheat.

That $26, or whatever price is determined in a State, is added to the export price and becomes the price of wheat for human consumption and stock feed wheat. I see no problems with the Bill as it is only complementary legislation to fall into line with Federal legislation. This Bill must pass before 1 October; otherwise, it will have to be made retrospective to cater for millers buying wheat after that period. I support the Bill and look forward to its speedy passage.

The Hon. FRANK BLEVINS (Minister of Agriculture): On behalf of the Government I record my thanks to the Hon. Peter Dunn who, on behalf of the Opposition, has assisted in the speedy passage of this very important piece of legislation. Bill read a second time and taken through its remaining stages.