WHEAT INDUSTRY STABILIZATION BILL 1968

Legislative Council, 13 November 1968, page 2414

Second reading

**The Hon. C. R. STORY (Minister of Agriculture)** obtained leave and introduced a Bill for an Act relating to the marketing of wheat and the stabilization of the wheat industry. Read a first time.

The Hon. C. R. STORY: I move:

*That this Bill be now read a second time.*

Since 1948 there has been in operation a scheme for stabilizing prices in the wheat industry. Provision has been made in Commonwealth legislation for the establishment of the Australian Wheat Board to undertake the marketing of wheat at home and abroad, and the board is also empowered to administer the price stabilizing aspects of the scheme. On September 30 of this year the scheme covering the five seasons prior to that date came to an end. The legislative framework of that scheme was, as far as this State is concerned, the Wheat Industry Stabilization Act, 1963, of the Commonwealth and a complementary Act of this State (the Wheat Industry Stabilization Act, 1963-1964).

As a result of discussions between the responsible State and Commonwealth authorities and representatives of the industry, it is proposed that the stabilization scheme will be continued for another five seasons within a not dissimilar legislative framework. For its part, the Commonwealth is in the process of enacting a Wheat Industry Stabilization Act and this Bill is, as regards this State, the necessary piece of complementary legislation. Honourable members, on examining the Bill, will find that in substance it closely follows the Wheat Industry Stabilization Act, 1963-1964, of this State, except of course that it is expressed to apply to the five future seasons whereas the 1963-1964 Act applied to the five past seasons. Thus, the mechanics of the proposed scheme are for practical purposes the same as for the former scheme.

Before proceeding to a discussion of the detailed provisions of the Bill, I will indicate the principal differences between the scheme that operated over the past five seasons (which, for convenience, I will call the “previous scheme”) and the scheme that it is proposed will operate over this and the next four seasons (which, for convenience, I will call the “proposed scheme”). Although both schemes were expressed to operate for five seasons under the proposed scheme, the Australian Wheat Board has been given a statutory life of seven seasons. This is to enable the board to make forward contracts during the last years of the proposed scheme. Under the previous scheme, a guaranteed price was fixed at the equivalent of $1.44 a bushel for the base year, that is the first year of the scheme. This price was an f.o.r. one and was based on a “cost of production” formula that used data obtained from the Bureau of Agricultural Economics survey of the wheat industry, together with certain other items. The whole formula was based on a yield of 17 bushels to the acre. During the five years of operation of the scheme, annual variations have advanced the guaranteed price to $1.64 a bushel.

The proposed scheme has a base guaranteed price of $1.45 a bushel f.o.r., which is not related to the “cost of production” formula used in the previous scheme but was fixed after negotiation between the Commonwealth and the Australian Wheatgrowers Federation and which has regard to the availability of Commonwealth funds. Annual variations up or down are provided for and the variations are to be based on producers’ cash cost movements, together with an allowance in respect of the interest on notionally borrowed capital. It is obvious that the annual variations under the proposed scheme will be less than the annual variations under the previous scheme since more items were included in the “cost of production” formula than are represented by cash costs and interest on borrowed capital. The quantity of wheat, the subject of a guaranteed price, has, under the proposed scheme, been increased by 50,000,000 bushels to 200,000,000 bushels.

In the calculation of the home consumption price there is a significant variation between the schemes. Under the previous scheme, the home consumption price was fixed at the guaranteed price plus a loading on account of Tasmanian freights. Under the proposed scheme the home consumption price of $1.70, plus a loading for Tasmanian freight of 1c, has been fixed and this price is subject to annual cash variations equal to the annual cash variations on the guaranteed price. While the home consumption price is in advance of the home consumption price for the last year of the previous scheme, I would point out to honourable members that, if the previous scheme had been projected into this year, the home consumption price arrived at would have been rather more than the effective $1.71 proposed.

The ceiling of the stabilization fund has been raised by $20,000,000 to $80,000,000, and under the proposed scheme a significant concession has been made in relation to the tax levy necessary to support the fund. Previously the tax, up to a maximum of 15c, has been levied on each 1c by which the guaranteed price is exceeded; under the proposed scheme the tax will operate up to the same maximum only when the guaranteed price is exceeded by more than 5c. This, then, represents the substance of the variations between the schemes. I will now deal with the details of the Bill.

Clause 1 is quite formal. Clause 2 is intended to ensure that this Bill has effect in this State on the same day as the Commonwealth Bill has effect in this State. Clause 3 is formal. Clause 4 repeals the previous Wheat Stabilization Act of this State and makes appropriate transitional provisions. Clause 5 provides a number of definitions necessary for the Act. Clause 6, in effect, provides that, while the Act itself is capable of applying for seven seasons to ensure that the board will be able to make forward contracts, the stabilization provisions provided for in section 14 (7) and (8) will apply for the period of the scheme; that is, five seasons. Clause 7 ensures that this Bill will, if any constitutional difficulty arises, be as effective as it validly can be.

Clause 8 sets out the powers of the board in substantially the same form as they were in the 1963 Act of this State, with the exception that the power has in paragraph (c) been extended to cover forward sales of wheat. Clause 9 is a new provision which is thought to be desirable and which is intended to protect the members of the board while acting in their official capacity. Clause 10 confirms the board’s power to grant licences, and subclause (2) continues in force licences in existence immediately before the commencement of this Act. Clause 11 deals with the delivery of wheat to the board and generally follows the provisions of the 1963 Act. Clause 12 relates to delivery to a licensed receiver and, in effect, provides that delivery is not effective until it is received by a licensed receiver. Subclause (2) coupled with a corresponding provision in the Commonwealth Act will enable this State to legislate effectively to provide rationalized delivery schemes. Previously it would not have been possible for the State to do this.

Clause 13 deals with unauthorized dealings in wheat and again follows the corresponding provisions of the 1963 Act. Clause 14 deals with the price to be paid for wheat and its determination by the board and is generally self-explanatory. The references to guaranteed price are to the guaranteed price of wheat fixed by the Commonwealth after consultation with the States in accordance with the provisions of the Commonwealth Act. Clause 15 relates to payments by the board and is again generally self-explanatory and quite closely follows the corresponding provisions of the 1963 Act. I draw honourable members’ attention to the provisions of subclauses (6), (7) and (8), which are peculiar to this State and which were last enacted as an amendment to the 1963 Act. Clause 16 relates to declarations to accompany delivery of wheat of a season prior to the season in which it was actually delivered.

Clauses 17 and 18 are self-explanatory and in general arm the board with appropriate powers to cause entry and search of premises for wheat to be made and also allow the board to call for returns. Clause 19 is intended to ensure that wheat, the property of the board, will be properly looked after. Clause 20 fixes the home consumption price of $1.70 and provides for that price to vary up or down by the same amount as the guaranteed price varies from the amount of $1.45. Clause 21 continues in operation the special account for freight to the State of Tasmania. Clause 22 will permit the use of the board’s funds in any State subject to the board meeting its obligations in this State. Clause 23 is a fairly usual general offences provision, and clause 24 is a general regulation-making power. As the Bill is of major importance to the economy of this State, I am sure I will have the co-operation of honourable members in obtaining its speedy passage through this Chamber.

The Hon. A. F. KNEEBONE secured the adjournment of the debate.