**METROPOLITAN MILK SUPPLY ACT AMENDMENT BILL 1987**

**Legislative Assembly, 5 November 1987, pages 1735-6**

Second reading

**The Hon. Lynn Arnold, for the Hon. M.K. MAYES (Minister of Agriculture),** obtained leave and introduced a Bill for an Act to amend the Metropolitan Milk Supply Act 1946. Read a first time.

The Hon. LYNN ARNOLD: I move: That this Bill be now read a second time. I seek leave to have the second reading explanation inserted in Hansard without my reading it. Leave granted.

Explanation of Bill

Production of milk in Australia has traditionally been divided into two sectors: milk for human consumption (market milk) and milk for manufacture into products such as cheese. The market milk industry is regulated by individual States, through authorities such as the Metropolitan Milk Board. The regulation of marketing of manufactured dairy products is covered by Commonwealth Government legislation administered by the Australian Dairy Corporation.

Since 1 July 1986, new Commonwealth marketing arrangements have applied for manufacture milk (Kerin plan). Under the Kerin plan a levy on all milk is used to support export returns, and this plan has stabilised industry returns.

Recent interstate trade in market milk between Victoria and New South Wales has threatened the stability of the Kerin plan. On two occasions the New South Wales Minister has called for the removal of the levy on all milk and therefore threatened the stability of Australia’s dairy marketing arrangements.

Discussions are continuing in Victoria and New South Wales to retain stability in the industry, but the threat to the Commonwealth marketing arrangements remains. If the Commonwealth marketing plan does collapse, pressure will be placed on domestic prices for manufactured dairy products and market milk.

Under the Metropolitan Milk Supply Act, the Metropolitan Milk Board and the industry cannot fix a maximum only price for market milk, to combat possible discounting from interstate market milk. The board currently sets fixed prices and in future will set a maximum and minimum price as recommended by the board’s review of milk pricing.

The amendments to the Metropolitan Milk Supply Act will allow the board, by notice, to declare a maximum only price if the industry is threatened from discounting. Such a notice will be for a specified period not exceeding 30 days.

Separate from the pricing issue, the Superannuation Board and the Metropolitan Milk Board have agreed in principle to an arrangement whereby the board funds in advance for its accruing superannuation liabilities. This arrangement would be prohibited by section 14 (2) of the Metropolitan Milk Supply Act, which states that superannuation contributions be paid annually in arrears.

This amendment to the Metropolitan Milk Supply Act will allow the board as a public authority, in terms of the Superannuation Act, to enter into an arrangement with the Superannuation Board under section 11 of the Superannuation Act.

Clause 1 is formal. Clause 2 provides for the commencement of the Bill on proclamation. Clause 3 provides that the Metropolitan Milk Board may enter into arrangements with the South Australian Superannuation Board with a view to its employees becoming eligible to apply for acceptance as a contributor to the fund.

Clause 4 provides that the board may vary the retail prices fixed by regulation for milk and cream sold in the metropolitan area so that a maximum price only applies. Other prices and charges may be adjusted accordingly. The board may exercise this power by notice in the Gazette and a notice has effect for no more than 30 days, unless it is extended. When a notice ceases to have effect the regulations continue in force as if the amendments contained in the notice had not been made.

Mr GUNN secured the adjournment of the debate.