POULTRY INDUSTRY (COMMONWEALTH LEVIES) BILL 1964

House of Assembly, 7 October 1964, page 1322

Second reading

**The Hon. D. N. BROOKMAN (Minister of Agriculture)** moved:

That the Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole for the purpose of considering the following resolution: That it is desirable to introduce a Bill for an Act to authorize the holding of a poll of certain owners of poultry relating to a scheme to be implemented by the Commonwealth in respect of the poultry industry for imposing levies on those owners and for other purposes.

Motion carried.

Motion agreed to in Committee and adopted by the House. Bill introduced and read a first time.

The Hon. D. N. BROOKMAN: I move:

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

As honourable members are aware, the Commonwealth Government intends to introduce a scheme in respect of the poultry industry for making levies on certain owners of poultry. The scheme has been recommended by the Council of Egg Marketing Authorities of Australia and is commonly known as “the C.E.M.A. plan”. It is intended that the collection of the levies be undertaken by the State Egg Boards, and in this connection, if the Commonwealth legislation is passed, complementary legislation by this State will probably be necessary. However, the Commonwealth does not wish to introduce the scheme without the concurrence of the States. This Government has decided that before it concurs in the C.E.M.A. plan or a modification thereof a poll should be held of the poultry owners affected. The purpose of this Bill is, therefore, to authorize the holding of the poll of owners of 50 or more hens. The present proposal of the Commonwealth Government is that levies should be made on all owners of 20 or more hens, the amount of the levy being prescribed annually. The purpose of the levy is to cover any losses on export sales, but this Government considers that for various reasons it would be unfair to impose these levies on small poultry keepers when the benefit accruing from the levies would go to the larger poultry keepers. The Government has, therefore, decided that in this State, in the event of a favourable poll, the levies to be collected by the Egg Board will be restricted to the owners of not less than 50 hens.

I turn now to the provisions of the Bill. Clause 1 contains the short title and clause 2 defines certain terms used in the Bill. Clause 3 (1) provides for the poll to be conducted upon publication of a notice by the Minister in the *Gazette.* Under subclause (2) the poll shall be conducted by the Assistant Returning Officer, subject to any directions of the Minister, and under subclause (3) he is required to notify the Minister of the result of the poll. Under clause 4 (1) each person who owns 50 or more hens will be qualified to vote at the poll, and clause 4(2) provides that in certain cases a person in possession or control of hens may be taken to be their owner for the purposes of the poll. It is intended that the poultry owners who are qualified to vote will, in the event of a favourable poll, be the persons obliged to pay levies in this State.

Clause 5 provides for particulars of the scheme and any other relevant matter to be set out in the ballot paper. This procedure is necessary because, until the Commonwealth legislation is passed, it will not be possible to describe the scheme fully. Clause 6 provides for the reception of informal votes if, in the opinion of the Assistant Returning Officer, a person has indicated a clear intention of voting in a particular manner. Clause 7 provides for the appropriation of moneys required for the poll. Clause 8(1) empowers the Minister, by notice in the *Gazette* to give directions, prescribing the manner of conducting the poll, the form of the ballot paper to be used and any other matters incidental to the poll. Clause 8(2) provides that the Minister may revoke or vary any notice published under subsection (1) of this clause or under clause 3. I want to give some information about the background of the proposals and the stage that has now been reached in the poultry industry. It has been recognized for years that the poultry industry has been in extreme difficulties because of the uncertainty of the marketing position. The production of eggs far exceeds the consumption on the home market. In recent years the export market has been unprofitable. The result has been that heavy losses have been incurred by someone in the marketing of his eggs. Although the States, in almost every case, have statutory boards controlling the marketing of eggs within their own borders, because of the Commonwealth Constitution it is possible to market eggs in any State with absolute freedom. That means that persons marketing in other States are selling eggs on the home market. It follows that the State egg boards are left with large surpluses of eggs, which must be placed on the unprofitable export market.

The result has been that each State instrumentality has been in financial difficulties. Consequently, their levies have risen and the support given to the various boards has been diminished because interstate trading of a private nature has been relatively more attractive. In order to overcome this situation many proposals have been put forward and conferences held. C.E.M.A. in reality consists of the members of the egg board of the various States. They have met on numerous occasions and have formulated a plan, the contents of which are fairly well known but which do not provide for a levy on the eggs submitted to the egg boards, which is the normal way of financing the State instrumentalities. However, the plan provides for a levy to be paid by an owner on the number of hens he possesses, and the money will be paid into a fund that will eventually reimburse the boards that are selling eggs on the unprofitable oversea market. In theory, this will counter the excessive interstate trading that has taken place and may reduce the transit of eggs from one State to another. The scheme is solidly supported by C.E.M.A. The other State Ministers have accepted the scheme as being satisfactory to them, and support it. The Commonwealth Government is involved not because it is directly concerned with the marketing of eggs but because it is the only authority that can actually levy owners according to the number of fowls owned. This will have to be done as an amendment to its powers of excise. The Commonwealth Government is agreeable to do this and is keen on the scheme, but it will do it only if all States agree.

I have been accused, with some justification I suppose, of holding up the scheme because I have not been convinced that all aspects of the scheme are satisfactory. Some aspects of it are most unsatisfactory, and I have voiced this opinion at every opportunity and at every meeting of the Agricultural Council. Wherever it has been necessary I have made clear my attitude.

There is a desperate need for more light to be thrown on the industry in general in Australia. The Commonwealth Government instituted a committee of inquiry into the dairying industry. Many of the committee’s conclusions have been acted upon and some have not, but the result of the inquiry was an extremely illuminating report that disclosed much we did not know about the dairying industry. A similar need exists for an inquiry into the poultry industry so as to have more light thrown upon it. I have frequently made this suggestion, and, although I have received little support, I am convinced that we need more information about the industry.

In South Australia it is clearly a side-line industry. The overwhelming proportion of poultry keepers are owners of small flocks. Only a small number own large commercial flocks. The scheme as propounded by C.E.M.A. provides that owners of hens more than six months old shall be levied on all but the first 20 hens. The levy is to be prescribed by the Minister for Primary Industry on the advice of C.E.M.A. which will set the levy according to the needs at the time, probably once a year. However, extraordinary variations have been made in the suggested levy, and no-one is able to officially forecast what it will be. It has been suggested that it will be as high as 10s. and as low as 3s. a bird a year. I believe that C.E.M.A. could easily meet and say what the levy should be for the initial year, but it has declined to do so, which I think is a pity. It would be better if it said frankly what the levy should be. I have repeatedly asked for it, but have been denied this information. The Minister for Primary Industry will accept the advice of C.E.M.A. in prescribing this levy, and although he may prescribe less than the amount advised he cannot prescribe more.

The Hon. Sir. Thomas Playford: If a fowl tax is paid will a levy be paid to the board?

The Hon. D. N. BROOKMAN: Yes, there will be a levy to support the board. The C.E.M.A. plan is not constituted with the idea of supporting the State egg boards: its purpose is only to help them in the unprofitable side of their marketing activities.

Mr. Bywaters: It will not be as great as it is now.

The Hon. D. N. BROOKMAN: I agree. I understand that the greater the difficulties in which egg boards find themselves the higher will become their levies on the owners of the eggs delivered to them. If this scheme works, there will be more support for the egg boards, and the levies will drop. The result may well be that the levy of the State Egg Board is low, but there will always be a levy of some size to support the State Egg Board, as well as the levy for the Commonwealth scheme.

Mr. Bywaters: The levy for the State Egg Board will be mainly for administration, will it not?

The Hon. D. N. BROOKMAN: The levy for the Egg Board will have to support the board in its work. Deductions on eggs at present delivered to the board are used partly for administrative expenses. There are grading and handling charges as well, but this levy to support the board will inevitably drop if the scheme operates, but it cannot disappear completely.

I cannot say whether this scheme will stop interstate trading. I have asked the proponents of the scheme about this and have been told, “Well, it may not stop it, but it does not matter if it goes on.” That answer has been given to me often and, with that in mind, I have had grave doubts about the scheme. First, if it is introduced, I think that the persons who are to be affected should have the right to say whether they want it. If they are asked that, I believe that, in fairness, they should be told what the amount of the levy will be. They cannot be told what it will be in every year but, at least, they could be given a starting figure and at least some forecast of what it might be. However, that has not been forthcoming.

The other point about this that worries me is that if the scheme is successful, there will be nothing to stop a tremendous increase in production as a result of that success. This increased production might come from existing poultry owners or it might come as a result of persons being attracted into the industry. As the House knows, the poultry industry is subject to sudden fluctuations in production. That is something about which I am concerned and I do not know the answer. Those in favour of the scheme say, “If there is more production the levy will go up and, consequently, a situation will always exist where only the efficient producers will be able to survive in the industry.” That explanation may be right and it may be wrong. I think many uncertainties are associated with this matter.

One further point that worries me is that it has become clearer to us, in the administration of the poultry industry, that the percentage of small poultry owners is far greater than we suspected a few years ago. Many poultry owners have only 20, 30, or 40 birds. Very many of them own only a few fowls. Many of them sell a few eggs when they have them surplus; they consume some themselves and give a few away. However, they are not commercial poultry farmers in the real sense of the word. I suppose that the net profit from a fowl would be no more than about 10s. That profit worked out on 50 birds will not bring in much money each year. Under the C.E.M.A. plan as at present constituted, every person owning over 20 fowls will have to pay a levy. Many of these people will not have account sales receipts from which this levy can be deducted so the initiative will be on them to forward the tax to the authorities.

Because of this, some months ago I wrote to the C.E.M.A. asking it to consider having the plan apply only to owners of more than 100 birds, leaving out the small man altogether. After a long delay, I got a blank refusal to alter the scheme. The C.E.M.A. expects the- Commonwealth Government to bring in a Bill to make every person owning more than 20 fowls pay this taxation, and it expects State egg boards to collect it. The Bill now before members provides that a poll will be held of owners of more than 50 fowls. The South Australian Egg Board is prepared to collect the levy from such owners, but it is not prepared to undertake to collect levies from owners of less than 50 fowls. We think that if we did this the administrative problems would be ridiculous and that the scheme would cause wide evasion, be ineffective, and be onerous on the owners of poultry. As a compromise, this Bill provides for a scheme for owners of over 50 fowls.

The C.E.M.A. does not meet often enough to give me a clear answer. However, as I do not want it understood that as it is near the end of the session we have done nothing about the matter, I have introduced this Bill so that I will be empowered to hold a poll if the C.E.M.A. accepts the 50-bird proposal, which I think it will do. If it does not, I should like to know why it wants to bring in the small producers. I hope I have answered the queries that honourable members may have raised.

Mr. Riches: Once the State joins the scheme, can it withdraw?

The Hon. D. N. BROOKMAN: I think constitutionally it would be able to do so, but I think that would be undesirable. I think we should be in or out of the scheme. I do not think anyone would want us to join on trial.

Mr. Laucke: Would it be for a period, the same as wheat stabilization?

The Hon. D. N. BROOKMAN: That has not been raised with me. As the C.E.M.A. has never put a limitation on the scheme, I take it that it expects it to last indefinitely.

Mr. Riches: Then producers should have more information?

The Hon. D. N. BROOKMAN: I think they should, and I shall try to obtain it. If the Bill is accepted, I shall have time to find out what information is available and to prepare proper conditions to submit to poultry owners. I hope that when the question is submitted to them, they will be given sufficient information to enable them to make up their minds. Although I criticize the plan, I am not saying it is no good, nor am I trying to swing opinion against it. I am worried that there are not sufficient answers to the questions that have been raised, and I consider it important to know what the size of the levy will be.

The Hon. Sir Thomas Playford: Is there any limit on the levy?

The Hon. D. N. BROOKMAN: I have not heard of any, but if this Bill is passed it will enable me to obtain more information. At the same time nobody will be able to say that they have been blocked by the inadequate legislation in this State.

Mr. BYWATERS secured the adjournment of the debate.