**POTATO MARKETING ACT AMENDMENT BILL 1986**

**Legislative Assembly, 19 February 1986, page 329**

Second reading

The Hon. M.K. MAYES (Minister of Agriculture) obtained leave and introduced a Bill for an Act to amend the Potato Marketing Act 1948. Read a first time.

The Hon. M.K. MAYES: 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

In May 1985 the Parliament amended the Potato Marketing Act with the effect that the South Australian Potato Board would be disbanded from 1 July 1987. This amendment was made because the Government was not convinced of the continuing need for intervention by a statutory authority in the marketing of potatoes.

In making that amendment to the Potato Marketing Act, the Government made it clear that if there was evidence that the highly regulated potato marketing system was not working, an earlier move would be made to disband the board. Events which have occurred in the market place over the past few months make it clear that the current system is not working. There has been dissatisfaction expressed by people at all stages of the potato marketing chain with the methods of operation of the board. The action of the board in issuing Potato Marketing Order No. 17 which tightened controls over the potato washers/packers was contrary to the requirements of the Government for the board to move, over the period to 1 July 1987, towards a less regulated marketing environment.

As a result, the Government has decided that the South Australian Potato Board will be disbanded on 14 March 1986. After that date, a free marketing situation will operate for potatoes in South Australia just as is the case for other vegetable crops in this State. The Potato Board is a party to long-term contracts for the supply of potatoes to processors. The board acts as a broker in these contracts in that it receives payment from the processor (or merchant) and pays the grower. It also has other potential roles as a mediator in disputes and in substituting pool potatoes for unsatisfactory potatoes offered by a contract grower.

The Government sees no need for the role played by the board in these contracts to continue after the board is disbanded and the potato industry operates under a free market system. Hence, upon disbandment of the board, the Government will cancel all obligations (other than obligations arising from borrowing by the board) that would otherwise have been imposed on it in relation to contracts. Two important issues associated with the disbandment of the board are the fate of board assets and the future for board employees.

All permanent employees of the South Australian Potato Board have been offered the option of either redeployment in the public sector, or a negotiated retrenchment package. Hence, board staff will not be disadvantaged by the disbandment of the board. The realised assets of the board will meet the costs of redeployment or retrenchment of board staff and any future liabilities arising out of any action or commitment of the board. The Government has decided that after meeting these commitments, the net realised assets of the board will be used to establish an industry fund for purposes such as research and promotion of matters affecting the potato industry in South Australia. The details of the fund and its operation will be announced after the Government has held further discussions with all sectors of the potato industry on this issue.

Clause 1 is formal.

Clause 2 amends the principal Act by repealing present section 26 (which provides for the expiry of the principal Act) and substitutes new section 26. The new section provides that, on 14 March 1986 the principal Act expires (other than the new section); any contract imposing continuing or recurrent obligations (not being pecuniary obligations arising from borrowings) is terminated from that date;

the assets of the board vest in the Crown.

The Minister must, as soon as is practicable, convert into money any of the assets of the board that do not already consist of money, and shall apply the assets as follows:

first, in making such provision as the Minister thinks fit towards the costs of redeployment or retrenchment of the officers and employees of the board;

secondly, in satisfying the board's liabilities;

thirdly, any remaining surplus to be paid into a fund established by the Minister for the development of the potato industry.

A liability is not to be recognised unless the Minister receives written notice of it on or before 19 March 1987. If the assets are insufficient to satisfy the liabilities there is to be a ratable distribution among the creditors. A liability of the board is not enforceable against the Crown apart from this section and if a liability is not fully satisfied no residual liability attaches to the Crown. When the distribution of assets is completed, this section expires.

Mr GUNN secured the adjournment of the debate.