**WHEAT DELIVERY QUOTAS BILL 1969**

**Legislative Council, 11 November 1969, pages 2834-7**

Second reading

The Hon. C. R. STORY (Minister of Agriculture)’. I move:

That this Bill be now read a second time.

It is the last of three measures necessary to give effect to the scheme of wheat delivery quotas intended to deal with the somewhat difficult circumstances in which the wheat industry finds itself. It may be helpful if the steps taken by the wheat industry to formulate the scheme are outlined.

On March 11, a conference of the Australian Wheatgrowers Federation in Perth recommended a quota delivery scheme and on April the annua! conference of the grain section of the United Farmers and Graziers of South Australia voted unanimously to support such a recommendation. On April 10 the Honourable J. D. Anthony, M.P., in his capacity as Chairman of the Australian Agricultural Council, comprised of State Ministers of Agriculture, indicated that the State Governments would be prepared to introduce legislation to give effect to the Australian Wheatgrowers Federation scheme.

The scheme for which the South Australian Government was asked to legislate provided for the payment of $1.10 for 357,000,000 bushels of Australia’s wheat crop; and (6) this State’s quota to be 45,000,000 bushels.

For the purposes of the allocation of this State’s quota the following proposals were put forward by the grain section of the United Farmers and Graziers Association:- (1) that two committees be formed—an allocating committee and an appeal committee; (2) that the averaging period be five years concluding with the 1968-69 season; (3) that quotas be allocated to farms; and (4) that over-quota wheat be counted as quota wheat for the succeeding pool. This measure is, as I have mentioned, the last of three intended to give effect to the scheme.

Shortly after the proposals for quotas made by the wheat industry were accepted by the Commonwealth and State Governments, the Government appointed an interim committee composed of eight representatives of the wheatgrowers nominated by the grain section of the United Farmers and Graziers Association and three other persons, and charged the committee with the task of allocating wheat delivery quotas to growers in this State from this State’s allocation of 45,000,000 bushels. This committee has substantially discharged its task and the practical effect of this Bill is (a) to set out the principles or guide lines on which i the committee worked; and (b) to establish an appeal tribunal to enable persons to appeal 1 against the allocation made by the committee.

Although, in fact, this Bill purports to give directions relating to the fixing of quotas to the advisory committee formally established herein, these directions were in fact determined by the interim committee. as a result of its experience in dealing with over 11,000 applications and, in that committee’s view, cover in the best possible manner the numerous problems that arose in the allocation of wheat delivery quotas. The application of these principles has, in the interim committee’s view, resulted in the fairest allocation that could be made in the circumstances.

To consider the Bill in some detail, clauses 1,2 and 3 are quite formal. Clause 4 provides that this Act shall apply in any quota season and also that a quota season may be declared by proclamation. Clause 5 sets out the definitions necessary for the working of the Act. Clause 6 establishes a formal Wheal Delivery Quota Advisory Committee, and clause 7 sets out the composition of the statutory committee, which is exactly the same composition as that of the interim committee formed to get the scheme into operation.

Clause 8 provides for the removal from office of .a member of the advisory committee, and clause 9 provides for the filling of casual vacancies in the office of a member. Clause 10 is a normal procedural provision, and clause 11 provides for the advisory committee to delegate its powers to not less than two of its members. Clause 12 provides for the election of a chairman of the advisory committee, and clause 13 is a usual provision covering vacancies in the office of any member. Clause 14 provides for the appointment of a secretary to the advisory committee. Clause 15 will enable the advisory committee to make use of persons employed in the Public Service.

Clause 16 sets out the general powers of the committee and, to assist in the better understanding of its implications, it may be desirable to sketch out the basis on which the interim committee worked. It divided the wheat delivery quota into two parts, namely, a basic quota and a special quota. The basic quota was derived by simple mathematics, by taking a prescribed percentage of the average annual deliveries of wheat from a property over the last five seasons. If the property had not been subject to any factors, beyond the control of the wheatgrower, which diminished the production of wheat, this basic quota would also be the final wheat delivery quota. However, as honourable members will be aware, many factors could have operated so as to diminish the amount of wheat produced during the five seasons, and it was some of these factors that the interim committee took into account in allocating a special quota to adjust the basic quota upwards so as to some extent reflect what the final wheat delivery quota would have been if those factors had not operated to reduce the production of wheat.

The first task of the interim committee was to decide on the amount to be set aside from the State quota of 45,000,000 bushels to be allocated either as special quotas or by the review committee as a consequence of appeals against allocations by the allocating committee. Once this amount was determined, the prescribed percentage to apply to average annual deliveries could be determined, and this was finally fixed at 90 per cent. The task of determining the amount to be set aside was something of a “judgment of Solomon”, since if it was too large all basic quotas would be diminished and, if it was too small, no meaningful adjustments of basic quotas could be made in even the most meritorious circumstances.

Clauses 17 and 18 confer certain additional powers on the advisory committee relating to the summoning of persons and entry upon land. Clause 19 sets out the particulars required to be set out in applications and also provides a penalty for a false or misleading application. Clause 20 provides for amendment of applications, and clause 21 provides for the determination of a closing date for applications. Clause 22 provides that the wheat delivery quota will be the aggregate of the basic quota and the special quota, if any, allocated.

Clause 23 sets out the two methods of determining the basic quota. The first and most usual method is by taking 90 per cent of the average of the last five seasons' deliveries. However, the interim committee realized that, in certain circumstances, this would result in a negligible amount of wheat being fixed as the basic quota for certain properties. Accordingly, it provided an alternative method of determining the basic quotas for properties which fell into the three classes (A, B and C) described in subclause (3) of this clause. In this case, reference was made not to the average of deliveries over the last five seasons but to some extent to the area sown to wheat for harvesting during this season, and the formula set out in subclause (2) of this clause was applied in ascertaining the basic quota for those properties.

The reasons advanced by the interim committee for the adoption of this allocating formula were (a) it gave due recognition, in the case of B and C class properties, to properties that were being developed for wheat growing with its attendant capital outlay; and in the case of class A properties it gave some recognition to the situation of a person who had brought land into wheat production for the first time in this season, and in the case of certain class A properties it gave some additional recognition to a. person who was a traditional wheatgrower within the meaning of the definition in subclause (3) but who had just entered into production on the land comprised in certain class A properties. It might be noted that, in the case of basic quotas fixed by reference to this alternative formula, absolute limits of 4,000 bushels, 6,000 bushels and 7,500 bushels are fixed irrespective of the average sown for harvesting during this season.

Clause 24 sets out the matters to which the interim committee had regard in allocating special quotas, and of these the most significant was the total amount of wheat available for such allocation. As has been mentioned, this amount could not be increased without causing a reduction of the prescribed percentage and hence a reduction overall in the basic quotas. As a result, the amount of a special quota that could be allocated in any particular case was necessarily strictly limited. In summary, the committee had regard to the following: (a) losses caused by two or more adverse seasons; (b) losses caused by fire and other contingencies that could be insured against provided those contingencies were insured against; (c) deliveries of wheat, with the permission of the Wheat Board, to persons other than the board since these deliveries were not taken into account in the calculation of basic quotas; (d) interstate deliveries of wheat to an interstate licensed receiver, since these again would not be taken into account in fixing the basic quota; and (e) in appropriate circumstances, other matters not within the control of the farmer that diminished his production.

The interim committee did not have regard to the matters set out in subclause (2) of this clause, namely (a) losses caused by only one adverse season, since one adverse season in five is not abnormal in this State; (b) losses that could have been insured against and were not so insured, as there was, in the opinion of the interim committee, no reliable method of ascertaining the losses; and (c) losses caused by frost or diseases or pests, because in the opinion of the interim committee there was no reliable method of ascertaining the amount of these losses.

Clause 25 empowers the advisory committee to adjust wheat delivery quotas in cases of transfers of all or portion of properties. Clause 26 recognizes the interim committee under the name of the “former committee” and, at clauses 27, 28 and 29, actions taken before the commencement of this Act are given recognition under this Act as if they were acts of the advisory committee. Clause 30 continues in office the secretary of the interim committee as secretary of the advisory committee. Clause 31 formally abolishes the interim committee. Clause 32 establishes the Wheat Delivery Quota Review Committee and is generally self-explanatory. Clauses 33, 34, 35 and 36 represent normal administrative arrangements for a committee of this type. Clause 37 provides for a secretary to the review committee.

Clause 38 provides for an appeal against any decision of the advisory committee which, under clause 29, includes any decision of the interim committee. This clause sets out the powers of the review committee in dealing with appeals. Clause 39 deals with frivolous appeals. Clause 40 sets out the procedure for instituting an appeal, and in this regard it might be noted that, although an appeal must be instituted within one month after the appellant received notice of the act or decision appealed against, in the case of acts or decisions of the interim committee, the time does not run until the commencement of this. Act. Clauses 41 and 42 set out in some detail the procedure of the review committee. Clause 43 is intended to ensure that payment as a member of the advisory committee of the review committee will not disqualify that member from holding any other office. Clause 44 is intended to cover the situation where a member of either of the committees has a financial interest in any .matter before the committee. Clause 45 sets out the entitlement of the holder of a wheat delivery quota to deliver wheat as quota wheat up to the amount represented by the quota less any amount of over-quota regarded as being part of his deliveries of quota wheat for that season. Clause 46 ensures that effect will be given to any directions of South Australian Co-operative Bulk Handling Limited in relation to deliveries of wheat.

Clause 47 regulates the delivery of non-quota wheat. In the normal course of events, “non-quota” wheat is wheat produced from a property that does not have a wheat delivery quota and as such would, of course, not be received into the system. However, all wheat grown outside the borders of this State would, by the terms of this Act, be non-quota wheat and, in accordance with past practice, it is not unlikely that some wheat grown in the border areas in Victoria will be offered for delivery at storages in this State, that is, wheat that is quota wheat within the meaning of the relevant Victorian Act. This provision will render such deliveries lawful.

Clause 48 is a most important provision, as it sets out the arrangements by which over-quota wheat delivered in the first season will be dealt with. In substance this wheat will be regarded as quota wheat in the succeeding quota season. Thus, if a farmer delivers bushels of over-quota wheat in the first quota season he will for the purposes of the next quota season be regarded as having already delivered 2,000 bushels of his quota and the amount that, in that season, he can deliver against his quota will be reduced by 2000 bushels.

Since wheat quotas are attached to properties while the quota system is in operation it will be necessary for the purchaser of a wheat property in the period that the quota system is in operation to make careful inquiries to determine (a) the size of the wheat delivery quota that is likely to be allocated to the property; and (b) the amount of over-quota wheat that will in any quota season be regarded as having been delivered against the quota for that season because the amount that the new owner can actually deliver in that season against the quota will be reduced thereby.

Clause 49 deals with the case of farmers who in a season are unable to deliver their full quota. In this case their quota will be reduced and the amounts of wheat re-allocated. Unless the amount of short-falls are reallocated the $1.10 advance payments payable in respect of those amounts will be lost to wheat growers in this State. The question if the re-allocations of the amount represented by the short-falls in the next quota season to the farmers who suffered them is also adverted to in this clause at subclause1 (3).

It is clear that some recognition must be given to individual short-falls in one season in fixing individual quotas for the succeeding season but, until the total amount of the shortfalls in the State are clear and the amount of the State quota for the next season is determined, it cannot be determined whether the actual amount of the short-falls can be added to the quotas or whether some proportion of the short-falls can be so added.

Clause 50 provides a substantial penalty for the holder of a quota in respect of a property who permits wheat not grown on that property to be delivered as part of a wheat delivery quota, and clause 51 makes it an offence for a person to deliver such wheat. Both these provisions are intended to prevent trafficking in quotas and, on the express recommendation of the interim committee, by clause 52 both have been modified to permit a holder of a wheat quota in respect of more than one property to deliver wheat as produced from one property against the quota allocated in respect of another of those properties provided that such deliveries have been approved by the advisory committee.

Clause 53 provides for the production of a wheat quota when wheat is delivered, with the approval of the board, to a person other than a licensed receiver. Clause 54 will enable the advisory committee to ensure that all the wheat comprised in the State quota is distributed and further provides that any increased quotas resulting from such a distribution, if it is necessary, will not be taken into account in the fixing of next year’s quotas.

Clause 55 relates to the rights of share- farmers and is expressed to be subject to any share-farming agreement between the owner and the share-farmer; that is, its application can be modified by agreement between the parties. Briefly, it gives the share-farmer the right to recover against the farmer the proceeds from the sale of wheat to which the share-farmer is, pursuant to the agreement, entitled. Since under the quota system quotas are attached to the properties, deliveries of quota wheat and over-quota wheat will necessarily have to be attributed to the holder of the quota who, as to the share-farmer’s share of the wheat, must be regarded as holding the proceeds of the sale of that wheat on behalf share-farmer.

Clause 56 gives the board power to sue for and. recover advance payments made in relation to quota wheat delivered as part of a quota that has been rendered void by the court. Clause 57 is an evidentiary provision. Clause 58 provides for offences against the Act to be disposed of summarily.

Clause 59 gives the usual measure of protection to persons acting in pursuance of the Act, Clause 60 provides for the costs and expenses of the administration and operation of the Act to be borne by South Australian Co-operative Bulk Handling Limited. The purpose of this provision is to enable those costs to be finally met by the board, which is itself by its enabling legislation authorized to pay them to a licensed receiver.

Clause 61 provides for a general regulation-making power. Finally, since this measure primarily deals with the allocation of quotas for this season, it is likely that, should next season be a quota season, its provisions will require some modification in the light of the views of the industry on the fixing of quotas for that season.

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