**METROPOLITAN MILK SUPPLY BILL 1946**

**Legislative Assembly, 2 October 1946, page 571**

**Second reading.**

The Hon. Sir GEORGE JENKINS (Newcastle—Minister of Agriculture)—The subject of this Bill is not strange to this House as at various times measures have been introduced for the establishment of some control of the Metropolitan Milk Supply. I have had some association with this subject because, on one occasion, I was chairman of a Select Committee which investigated a milk control Bill. That committee visited New South Wales and Victoria and found that the type of control in Sydney and Melbourne and was somewhat different, but there was a general consent amongst those interested that some measure of control was necessary. That committee made recommendations to the House in respect of the Bill then under consideration and the measure was accepted by this place, but rejected by the Legislative Council.

Since then representations have been made from time to time, not only since I have been associated with the department but prior to that, for some control of the milk industry, but there has always been some difference of opinion amongst those concerned as to the nature of the legislation to be introduced. The last measure before us was strongly opposed by the Metropolitan County Board and the Housewives Association and it was largely their opposition which led to the defeat of the Bill.

Mr. O'Halloran—How do those bodies view this Bill?

The Hon. Sir GEORGE JENKINS—As far as I am aware, they are favourably disposed towards it. I think the Housewives Association feared that control would result in an increase in the price of milk in the metropolitan area, but it now recognises that a pure milk supply has considerable virtue and, as a consequence, no longer raises opposi­tion. The Metropolitan County Board is heartily behind the Bill.

Mr. O'Halloran—It reduces its responsibility considerably.

The Hon. Sir GEORGE JENKINS—To some extent it does. We have had some difficulty in securing unanimity amongst other bodies affected and it was because of the difference of opinion amongst co-operative, wholesale and producers' organisations that it was difficult to get a sufficient degree of agreement to warrant the introduction of a Bill that would have the support of the industry generally.

Mr. Nieass—Has the Housewives Association expressed itself on this measure?

The Hon. Sir GEORGE JENKINS—The Bill has not been submitted to them because the clean print was placed on members' files only to-day, but the proposals have been circulated amongst all those interested and I understand that the Housewives Association is not hostile. I have not had a communication from them to that effect, so I do not give the information definitely. Dairymen's associations and other interested bodies have indicated in writing their support for the proposed legislation. As a result, I am hopeful that the Bill will be passed in this place.

Mr. Stephens—It covers only a pure milk supply for the metropolitan area.

The Hon. Sir GEORGE JENKINS—Yes. Its purpose is to ensure that the milk brought to the metropolitan area from the country is pure.

Mr. Stephens—That is an important matter.

The Hon, Sir GEORGE JENKINS—Yes, and that is why the Metropolitan County Board is so strongly behind the proposal. It has been felt in many quarters that the supply of milk from the country and elsewhere has not been sufficiently controlled, with the result that a certain amount of impure milk has been distributed in the metropolitan area. The following is the report on the Bill by the Parliamentary Draftsman: —

For some years Bills and other proposals for the control and regulation of the metropolitan milk supply have received the consideration of the Government and Parliament. There has been general agreement with the view that something should be done to stabilize the industry and improve the product. The difficulty has been to reconcile different ideas as to the scheme of administration and control which should be adopted. The Government believes that the present Bill will command a wider measure of support from all sections of the milk industry than any previous scheme. It is realised, of course, that no Bill on this subject can give everybody everything he wants. But the present Bill provides a good basis to work on, and if any amendments can be suggested for making it more equitable, or improving the administrative provisions, the Government will welcome them and give them full consideration. The objects of the Bill, expressed in general terms, are to ensure the good quality of the milk and cream supplied to the metropolitan area, to stabilise prices, and to give legal sanction to the existing equalisation arrangements under which the returns from milk sold in the metropolitan area as whole milk and from milk used in manufacture are pooled.

The first important matter dealt with is administration. The proposal is to entrust the administration of the Bill to a competent and impartial board with a reasonable tenure of office and no interest or bias which would preclude it from administering the Bill impartially and firmly. The board will consist of three members, one of whom will be chairman and one deputy chairman. They will be appointed by the Governor on the nomination of the Minister. Before nominations are made the seats on the board must be advertised and a report obtained from the Public Service Commissioner on the qualifications of the applicants. No member of the board will be permitted to have any interest in a business of producing, treating or selling milk, or to be an officer of any association of producers or vendors. The members will be paid salaries out of the funds of the board. The chairman will be a full-time administrator, and will act as the principal executive officer of the board. The board will have its own staff, but may with the consent of the Minister make use of the services of officers of the Public Service. The board's officers may join the Superannuation Fund of the Public Service. The expenses of the board will be met from contributions paid by milk producers and wholesalers. Provision is made for the keeping and audit of the board’s accounts. The board is required also to present an annual report to Parliament; and under clause 22 periodical inquiries into the board’s management may be made by a person appointed as a Royal Commissioner. The preliminary expenses of the board may be financed by a loan made by the Treasurer.

Clauses24 to 26 inclusive contain provisions of the usual kind empowering the board to obtain information required for the proper administration of the Act, and to make inspections of premises, plant, milk, cream, and other materials. The provisions for the actual control and regulation of the metropolitan milk are in Part III.

'Clause 28 empowers the board to define the metropolitan producing district and to vary it from time to time. The legal effect of defining this district is that any dairyman whose farm is within the district will be entitled as of right to a milk producer's licence if his premesis comply with the Act, and he has not been convicted of offences against the Act. Persons with farms outside the metropolitan producing district may also be licensed, but the board is not be under an obligation to grant licences these persons.

Clause 29 enacts that no one will be entitled to produce milk or cream for sale to wholesale or retail vendors, or to retail customers within the metropolitan area unless he holds a milk producer's licence granted by the board. On the same principle no one will be entitled to sell milk or cream within the metropolitan area unless it was produced by a holder of a milk producer's licence. Licences however, will not be required for the production of milk or cream which is used in manufacture.

'Clause 30 deals with the licensing of persons who pasteurise or bottle milk intended to be sold for human consumption within the metropolitan area. These persons will be required to take out annual licences; but if their premises and plant comply with the Bill and they have not contravened the Bill they will be entitled to receive licences as of right. The fees for licences will be fixed by the board by notice in the Gazette.

Clause 32 sets out the obligations of the board as to granting licences. The general principle is that the board is not to refuse a licence except on one of the grounds expressly specified in the Bill. As I mentioned before, the board will be entitled to refuse a licence if the premises, plant, equipment or animals to be used by the applicant in carrying on the business for which a licence is required do not comply with the Bill; but before refusing a licence on the ground such non-compliance the board must give an applicant notice of the particulars in which the premises or plant or animals are defective he must give him three months in which to make good the deficiency.

The board will also have power to refuse a milk producer’s licence to a person whose farm is outside the metropolitan producing district. It is contemplated that the milk producing district will be a fairly large area, taking in all or almost all of the milk producers who at present share in the metropolitan whole milk trade. Obviously if licences were granted indiscriminately so that an excessive number of persons were permitted to share in the trade, the benefits of the equalisation scheme would be largely nullified. It seems necessary, therefore, that there should be some territorial limits on the grant of licences. The board is also entitled to refuse a licence to any applicant who has twice contravened or failed to observe the terms of a previous licence granted to him or has been twice convicted of an offence against the Bill.

'Clause 33 provides for the cancellation and suspension of licences, and enables the board to cancel any licence on the following grounds: —

1. That the holder of the licence has twice contravened the terms of his licence or has been twice convicted of offences against the Bill;
2. That the premises, plant, equipment or animals of the holder of the licence do not comply with the Bill; or
3. That the milk produced by the holder of the licence does not conform to the prescribed standards.

"\Hon. members will appreciate the fact that the cancellation or suspension of a licence does not necessarily mean that a person is permanently put out of the industry. Licences have a currency of one year and a person whose licence is cancelled or suspended will have an opportunity to re-apply at the expiration of the normal term of his licence. Clause 34 provides that licences will normally expire on June 30 next after the issue thereof. The board, however, may grant temporary licences for any period which it deems appropriate. Clause 35 provides, in effect, that premises which are licensed under the Bill, that is to say, dairy farms and milk treatment plants, will not be subject to the control of any county board or local board of health under the Food and Drugs Act or the Health Act. Clause 36 empowers the board to fix prices payable for whole milk and cream. "

Mr. Smith—That would eliminate competition.

The Hon. Sir GEORGE JENKINS—If the clause is agreed to the producer will get a reasonable price for his product and the consumer will not pay too high a price for milk.

Mr. Smith—The consumer will pay more for milk.

The Hon. Sir GEORGE JENKINS—I would not say that. Under the Bill the consumer will get a guaranteed milk supply. Whether he is prepared to pay more for such a supply as against a supply under Rafferty’s rules, I am not prepared to say. The report continues: —

The prices which may be fixed are those payable to the producer by the wholesale or retail vendor who buys from him, and by the consumer to the vendor. The price fixing orders will be gazetted and a breach of them will constitute an offence. The price fixing power does not, however, apply to milk or cream used for the manufacture of butter, cheese, or other products.

Mr. O’Halloran—Is there any protection for the employees of the suppliers of the milk?

The Hon. Sir GEORGE JENKINS—The Bill does not set up an industrial board, only a board to control the supply of milk to the metropolitan area.

Mr. O'Halloran—If you guarantee the producer a fair price for his product, you should guarantee his employees fair conditions.

The Hon. Sir GEORGE JENKINS—The employees have certain rights in the matter of approaching the court for better conditions, and the Bill does not abrogate any of those rights. The report continues: —

Clause 38 empowers the board to declare what are commonly called 'quotas' for milk or sweet cream. The quota will be binding on wholesalers, that is, the holders of milk treatment licences, and will prescribe the percentage of the milk purchased by a wholesaler from licensed milk producers which he may sell as whole milk. If a wholesaler exceeds his quota, he is liable to prosecution, though by arrangement quotas are not strictly enforced so long as a person who over-sells his quota contributes to the pool for equalizing returns. Clause 39 is an ancillary provision giving the board the powers of a Royal Commission for the purpose of obtaining information which it requires for the purposes of the administration of the Bill. Clause 40 contains a fairly wide regulation making power. The general object of the regulations is to assist in the administration of the Bill and to empower the board to regulate and control the production of milk for the metropolitan area so as to ensure a high standard of pure milk.

The remaining provisions of the Bill are the usual ancillary provisions as to offences, penalties and procedure.There is a general penalty clause fixing a maximum fine of £100 for offences against the Bill and there are some evidentiary provisions for the purpose of simplifying the evidence in prosecutions.Clause 46 provides that the moneys required for the purposes of the Bill shall be paid out of moneys voted by Parliament for those purposes.

I feel sure that the Bill will receive sympathetic and proper consideration by this House. For years there has been an attempt to have legislation of this nature passed and the fact that so many of those engaged in the industry who control, supply, and distribute milk for the metropolitan area have sought it, warrants its receiving the consideration to which it is entitled. I commend the Bill as one which will meet the needs of South Australia in this direction, and I move the second reading.

Mr. O'HALLORAN secured the adjournment of the debate.