**CITRUS INDUSTRY BILL 1991**

**LEGISLATIVE COUNCIL 9 April 1991, pages 4159 to 4162**

**Second reading**

Received from the House of Assembly and read a first time.

The Hon. C.J. SUMNER (Attorney-General): 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

The object of this Bill is to provide for the establishment of a new, restructured Citrus Board to organise and develop the citrus industry and the marketing of citrus fruit, regulate the movement of citrus fruit from growers to wholesalers, set grade and quality standards for fruit, provide for powers to be used to set prices and terms of payment for processing fruit in the event of market failure and increase the flow of production and marketing information throughout the industry. The Citrus Industry Organisation Act followed the report of the Committee of Inquiry into the Citrus Industry in South Australia completed in 1965. The reason for the inquiry was because the distribution and marketing of citrus had become chaotic because of the increased citrus harvest in the years 1962 to 1964 and a dependence on fresh fruit markets.

Much of the increase in these three years was unexpected and fruit of a quality, below normal came onto the market. Processors took 20 percent of the fruit (now 70 per cent), and growers therefore had no alternative but to quit their fruit at reduced prices on the Adelaide and interstate fresh fruit markets. In the period 1962 to 1964 the Adelaide market comprised 17 per cent of the total South Australian citrus production (now 6 per cent).

The Citrus Industry Organisation Act was passed by Parliament in 1965, and the Citrus Organisation Committee (later the Citrus Board of South Australia) was appointed to administer the Act. An orderly market was created by directing the supply of fruit onto the South Australian market by orders from licensed packers to licensed wholesalers at established minimum selling prices.

In December 1977, the Minister announced an Inquiry into Citrus Marketing in South Australia. This inquiry recommended several changes. Since 1978, the Act has remained unchanged apart from a change in name of the administering body from the Citrus Organisation Committee (COC) to the Citrus Board of South Australia (CBSA) and an increase in the number of growers required to call a poll, from 100 to 200 growers.

This Bill is the result of an extensive review of regulation of the citrus industry which began in April 1989 with the release of a green paper. This paper was widely distributed and submissions were received from every citrus grower and marketing organisation in South Australia and also from national bodies. Almost every submission was critical of some aspect of the board's structure, operations or powers, but the vast majority believed that the board was performing functions which had been of benefit to the industry and to consumers and should continue to exist.

The Government considered all the submissions received and recognised that regulation of the citrus industry had to be brought into the 1990's with a new direction and vigour to face the pressures now being experienced. The Government's intentions were stated in a white paper, released in May 1990. Almost all groups indicated support for these policies with the controversial aspects being phasing out the board's function of routinely setting prices and terms of payment for processing fruit and the structure of the new board.

The board will have the challenging task of guiding the industry in its adjustment from being predominantly oriented to the production of fruit for processing to more emphasis on producing a high quality product for fresh consumption in our domestic and export markets. It will be well placed to cooperate with the Australian Horticultural Corporation in the development of markets and to ensure that initiatives taken in South Australia are coordinated with those taken in other States and by the Corporation.

The Bill provides for the board to determine and set the standards for production, packing and marketing of high quality fruit in South Australia to meet the requirements of new markets such as in Japan and the USA. The board has been strengthened with skills and expertise in marketing, processing and packing. In addition, a new process of selecting the board is proposed. A selection Committee, representing the industry, will recommend appointments to the board. The board itself is not intended to be representative since the important factor is that the board has within its membership the skills to ensure that growers are kept fully informed on the Australian and world supply and demand situation and outlook, and all sectors of the industry are encouraged and assisted to pursue new products and markets.

In order to monitor production and marketing trends, the board will maintain a register of growers, packers, processors and volume retailers, collect statistical returns and ensure that this information and similar information about Australian and world production and marketing is regularly received by growers. The board will continue to have a reserve power for the setting of prices and terms of payment for processing fruit when markets are disorderly and with the approval of the Minister of Agriculture, but will not set prices for fresh fruit. The latter point simply formalises the board's policy of several years. The board will be required to develop a rolling five year plan and present this plan to industry meetings. The Board is fully industry funded and will be able to continue collecting contributions to fund its operations and will consult with the industry on any proposal to vary the contributions.

The Board will complement the national role of the Australian Horticultural Corporation in developing export markets and in the promotion of citrus. It will also have a role in assisting South Australian exporters work together for generic promotion and coordinated marketing in export markets.

Honourable members will be aware of the uncertainty pervading the citrus industry at present. Tariffs on imported frozen concentrated orange juice will continue to fall and the local content rule for sales tax reduction of 10 per cent if Australian juice is mixed in juices, cordials and drinks will be removed from 1 July 1991. These changes and the supply projections for orange juice concentrate indicate that the industry is facing a long term problem which will require strong and informed guidance and coordinated action on the part of growers, packers, processors and exporters and marketers generally.

The proposed Citrus Industry Act provides for that leadership.

The Bill sets the regulatory framework for the development of industry in the 1990s. It is the Government's belief that the restructured board has a vital role to play in helping the industry through the difficult times ahead. I commend the Bill to honourable members.

Clause 1 is formal.

Clause 2 provides for commencement of the Act on proclamation.

Clause 3 provides the necessary definitions of expressions appearing in the Act. The definition of 'marketing' makes it clear, particularly in relation to the functions of the Board, that this Act is concerned with all the post-harvest procedures for dealing with citrus fruit.

Clause 4 continues in existence the Citrus Board of South Australia established under the repealed Act. It is confirmed that the board is a body corporate of full legal capacity.

Clause 5 provides that the board is to consist ofseven members, one being appointed by the Governoronthe nomination of the Minister and six being so appointed on the nomination of the selection committee. Of these six three will be registered growers and three will be other persons who have expertise in the marketing of citrus fruit or other foodstuffs. The member nominated by theMinisterwill be the presiding member and one other member of the Board willbe appointed as the deputy presidingmember.Selection committeemembersare noteligiblefor appointment to the board.

Clause 6 sets out the usual provisions relating to terms of office for members of the Board. It is provided that members' allowances are to be paid out of board funds.

Clause 7 provides for the chairing of meetings of the board and sets the quorum at four members.

Clause 8 provides for the disclosure of interest by members of the Board, be it an interest of the member or of a person closely associated with the member. This provision is modeled on the conflict of interests provisions in other recent Acts of this Parliament, for example the Local Government Act.

Clause 9 establishes the Citrus Board Selection Committee as a committee of five persons drawn by the Minister from a panel of 10 names submitted by various citrus industry organisations on the invitation of the Minister.

Clause 10 provides that the selection committee members will be appointed to office for a term of three years, and that a casual vacancy may be filled by the Minister.

Clause 11 sets out procedural requirements for meetings of the selection committee. The committee cannot act if there is more than one vacancy in its membership. Where the committee is meeting to nominate candidates for the board, all existing members of the committee must be present. Four members constitute a quorum at other meetings.

Clause 12 provides for the declaration of conflicts of interest arising where a member of the selection committee is closely associated with a person who is under consideration for nomination to the board.

Clause 13 sets out the primary functions of the board, which are to develop policies for orderly marketing and minimum standards for citrus fruit and citrus fruit products, to encourage the export trade, to promote the consumption of citrus fruit and citrus fruit products, to keep track of marketing trends in the industry and to disseminate such data to persons within the industry.

Clause 14 sets out the general powers that the board has for the purpose of the performance of its functions. It is provided that the board may act in concert with interstate marketing authorities, it may develop codes of practice for the citrus industry, it may act as agent for the collection of Commonwealth levies and generally may enter into contracts, borrow money, deal with property, etc.

Clause 15 empowers the board to establish committees.

Clause 16 provides the usual power of delegation for the board.

Clause 17 provides that the board employs its own staff on terms and conditions fixed by the board. The staff are not Public Service employees.

Clause 18 gives the board the power to exempt specified persons or persons of a specified class from any provisions of this Act, the regulations or a marketing order. Exemptions are only effective when published in the Gazette.

Clause 19 empowers the board to require returns to be furnished by any registered person for the purposes of gathering information necessary for the proper administration of this Act.

Clause 20 requires the board to prepare and present to a public meeting a plan of its proposed operations over the next ensuing five years. This plan must be revised each year so that it continues to cover the ensuing five year period.

Clause 21 empowers the board to require all registered persons or a class of registered persons to pay contributions to the board towards the costs of carrying out the functions of the board. The board may determine the amount of those contributions and their method of payment or collection. Before the board changes existing contributions or requires a particular class to make an initial contribution, it must consult with the persons liable to pay.

Clause 22 requires the board to keep proper accounts and to have them audited at least once a year by a registered company auditor.

Clause 23 requires the board to furnish the Minister with an annual report (including the audited accounts and five year plan). This report must be laid before both Houses of Parliament.

Clause 24 provides that the board must maintain a register of all registered persons.

Clause 25 requires growers, packers, processors, wholesalers and volume retailers to be registered. A grower will be registered (unconditionally) on due application being made and on payment of the appropriate fee (if one has been prescribed). If the application is for registration as a packer or a processor, the Board must be satisfied as to the applicant's business knowledge and financial resources to run a business, as well as to the business premises, facilities and equipment being of a particular standard prescribed by regulation. Where application is for registration as a wholesaler or volume retailer, the board need only satisfy itself as to the standard of the applicant's premises, facilities or equipment. Registration is for a period of one year and is renewable on due application and payment of the prescribed fee. Registration may be subject to conditions, except for registration as a grower. The board can add to, vary or revoke the conditions of registration.

Clause 26 provides for cancellation or suspension of registration for contravention of the Act and for suspension of registration for default in payment of contributions or fees.

Clause 27 provides for a right of appeal to a court of summary jurisdiction against a decision of the board to refuse, cancel or suspend registration or to impose conditions (either initially or during the registration period). A decision of the board to cancel or suspend registration continues in effect during the appeal unless, on the application of the person concerned, the board or the court orders otherwise.

Clause 28 creates the offence of contravention of conditions of registration.

Clause 29 creates the offence of carrying on business as a grower, packer, processor, wholesaler or volume retailer without being registered as such.

Clause 30 creates a number of offences relating to the sale and purchase of citrus fruit. A grower is required to sell citrus fruit to a registered packer, a registered processor, or (provided that the fruit has first been prepared and packed in accordance with the regulations) a registered wholesaler or volume retailer. This does not prevent the grower from selling the grower's own fruit by retail in pursuance of a permit from the board. A packer is required to prepare and pack fruit in accordance with the regulations. Subclause (5) requires a packer to sell only citrus fruit that has been prepared and packed in accordance with the regulations. A processor is not permitted to sell citrus fruit except to another processor. A wholesaler is required to purchase citrus fruit only from a registered grower or a registered packer. A volume retailer must purchase from a registered grower, a registered packer or registered wholesaler, and any other retailer must purchase from a registered wholesaler. These restrictions on wholesalers, volume retailers and retailers do not apply in relation to citrus fruit purchased from a person outside the State. Subclause (9) creates an offence where a wholesaler or retailer purchases citrus fruit (for the purpose of resale) that has not been prepared and packed in accordance with the regulations.

Clause 31 empowers the board to issue permits to growers to enable them to sell their own citrus fruit by retail (for example on the roadside), subject to such conditions as the Board may impose.

Clause 32 empowers the board to issue orders, with the approval of the Minister, fixing prices for the sale of citrus fruit for processing, or setting the terms and conditions on which citrus fruit may be sold for processing. Orders fixing prices cannot endure for longer than three months. Those fixing rates of commission or terms and conditions of sale can continue for a maximum of 12 months. The Minister can waive the Minister's right of approval in relation to orders under this section, other than those fixing prices. The board and other persons are expressly empowered to meet and discuss price fixing under this section. This avoids any possible infringement of the Commonwealth Trade Practices Act.

Clause 33 empowers an inspector to enter and inspect land, premises and vehicles for the purpose of ascertaining whether the Act is being complied with or where he or she suspects an offence against the Act has been or is being committed. Samples may be taken, false marks may be erased from packages, questions may be asked and fruit may be held pending completion of an inspection. Reasonable force may be used in exercising these powers, but a warrant is required where a building is to be broken into,

unless the building is used as part of a registered person's business (not being his or her residence).

Clause 34 gives persons engaged in the administration of this Act personal immunity for acts done in good faith in the exercise or purported exercise of powers under this Act.

Clause 35 renders void any arrangement entered into for the purpose of evading this Act.

Clause 36 provides that offences under the Act are summary offences. The defence of 'no negligence' is provided for a person charged with an offence against this Act. Certain basic evidentiary matters are provided for.

Clause 37 is the regulation making power. All aspects of the marketing of citrus fruit (as defined in the Act) may be regulated. Subclauses (3) and (4) empower the Board to prescribe a registration fee that consists of both a fixed amount and an amount that varies according to factors determined by the board. A regulation prescribing a fee containing such a variable component may only be made on the recommendation of the board. Subclauses (5), (6), (7) and (8) deal with the incorporation of codes (whether published by the Board or any other authority) into the regulations. It should be noted that amendments to such codes also have to be adopted by further regulations.

The schedule repeals the current Act and deems all persons registered or licensed under the old Act to be registered under this Act for the balance of their previous registration or licence. Clause 4 provides for vacation of office by current board members on the new Act coming into operation so that fresh appointments can be made in accordance with the new Act. Clause 5 provides for contributions to continue to be payable by growers in accordance with the last determination of the board under the repealed Act until a new determination is made by the board under this Act.

The Hon. PETER DUNN secured the adjournment of the debate.