**METROPOLITAN MILK SUPPLY ACT AMENDMENT BILL 1980**

**LEGISLATIVE COUNCIL, 3 December 1980, page 2509**

**Second reading**

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

The Hon. J. C. BURDETT (Minister of Community Welfare): I move:

That this Bill be now read a second time.

Its purpose is to prevent possible disruption to the present system for the distribution of milk in the metropolitan area. This system is equal to any in the world. It makes available home delivered milk to every household in the metropolitan area on six days of the week at a price which is currently the second lowest in Australia.

Under the present Act, the Metropolitan Milk Board has no power to refuse an application under section 30A for a milk vendor's licence. The pricing structure for the distribution of milk is such that, if a licence is granted to a supermarket or shop, it would be beneficial for the retailer to purchase milk direct from the factory and not from the wholesale milk vendors as at present. Milk wholesalers are comprised principally of individual milk vendors whose business is mainly home deliveries but many of whom rely on supplying shops to survive. If major retail supermarket groups acquire licences under the Act, the likely result is that some of the 420 home delivery vendors will be forced out of business. Milk is a basic food and essential for the health and well-being of sections of the community, notably children. In the Government's view it is most important that the present system of distribution be preserved, at least for the time being.

Accordingly, the Bill before the Council provides that the board, with the approval of the Minister, may refuse an application for a milk vendor's licence or to cancel an existing licence if, in the board's opinion, all or most of the milk distributed pursuant to the licence would finally be purchased by the public from a shop and that the granting or continuance of the licence would adversely affect the existing distribution system of milk in the metropolitan area.

The Metropolitan Milk Board will immediately commence a full investigation into the distribution and pricing structure of the industry. The result of this study will form the basis of any subsequent legislative action. In the interim it is essential that the status quo within the industry prevail. The financial burden which the intervention of the supermarket chains would impose on the existing shop vendors would severely disrupt the existing arrangements to the ultimate detriment of the consumer and employment within the industry.

At present, the Act does not differentiate between milk and cream in respect of the issue of a licence under section 30A. As the direct sale of cream by supermarkets will not result in the same difficulties as the sale of milk, the Bill provides for the board to be empowered to grant a licence for the sale of cream only. This is consistent with the longer shelf life of cream and its similarity to other dairy products now sold by supermarkets. I seek leave to have the explanation of the clauses inserted in Hansard without my reading it.

Leave granted.

**Explanation of Clauses**

Clause 1 is formal. Clause 2 inserts new subsections (6), (7) and (8) in section 32 of the principal Act. New subsection (6) empowers the board to refuse a licence or cancel an existing licence if it is likely that the milk sold pursuant to the licence will be sold to the public at a shop and that this will adversely affect the distribution of milk in the metropolitan area. Subsection (7) empowers the board to grant a licence on condition that only cream is sold pursuant to it. New subsection (8) requires the board to act with the approval of the Minister.

The Hon. B. A. CHATTERTON: I support this Bill, which seeks to protect the existing system that we have of milk vending, a system that has served the State well. In his second reading explanation the Minister said that the system is equal to any in the world. I am not sure whether that is true or not, but I am sure that it is a good system. True, it is a grandiose statement, but I certainly think it is a good system and one that we need to protect.

It is a dilemma that faces us because, if one looks at the problem superficially one could ask why the selling of milk should not be free for anyone, whether a supermarket or a milk vendor, but that is not a good enough argument to disrupt the system. It is a superficial argument because what happens elsewhere is that, when milk has been vended through supermarkets, discounting has resulted, and again superficially it would appear to be an advantage to consumers, but the discounting has resulted in a complete disruption of the milk vending system.

That disruption has meant that it has been uneconomic for vendors to continue to deliver milk in the way that they have delivered it in the past. They have had to charge delivery fees, which has driven more people away from milk, and we get a chicken-and-egg situation: the establishment of a large market in supermarkets takes away some of the milk vending market, which increases costs to milk vendors who then increase charges and reduce their market even further and subsequently further increase their costs. We have a situation, if that is allowed to develop, where the people who have no alternative source of supply, the people reliant on milk vendors, are paying higher prices for their milk, and comparatively few people in the community who have ready access to transport facilities and who have the convenience to shop at supermarkets might get slightly cheaper milk.

In those circumstances it seems that the present system of vending is much the better alternative for a system that we should protect. There is another additional argument which has not been noted in the second reading explanation but which is one that I think will be important in the future, and that is that, if the sale of milk goes over to supermarkets so that nearly all the milk is being retailed through that outlet, I am sure we will see the disappearance of milk bottles and an increase in the use of milk cartons. That would be unfortunate from a conservation point of view, because the milk bottle is a most efficient container in terms of resource use, whilst the milk carton is a wasteful form of resource use.

The Hon. Anne Levy: Milk tastes better from a bottle.

The Hon. B. A. CHATTERTON: Yes. Supermarket retailers have always favoured non-returnable cartons. They do not want milk bottles or any other bottles to be returned. They have to accept them in some circumstances, but I am sure that they would not take them very often in the case of milk bottles if they could avoid it. It is good that the Government has introduced this legislation. I know that milk vendors are disturbed that supermarkets want to get into direct milk vending.

Representatives from the milk vendors have approached the Government and the Opposition on this matter, and I think the case they put forward is very strong indeed. This Bill will offer some protection, certainly in the short term, until the Metropolitan Milk Board has had an opportunity to conduct a full investigation into the industry. I am sure that that investigation will reveal that the system of milk distribution is the best method for the people of South Australia. That does not mean that there should be no opportunity for changes to the general system of milk vending. I support the Bill.

The Hon. N. K. FOSTER: I support the Bill for the same reasons advanced by the Hon. Mr Chatterton and the Minister. However, I again draw the Council's attention to a matter that I raised on many occasions when the present Government was in its rightful place on the Opposition benches. The Minister introducing the Bill, and this particularly applies towards the end of a session, delivers his second reading speech and then seeks leave, which he receives, to insert the explanation of the clauses of the Bill in Hansard without reading it. That means that members such as I, when rising to speak to the Bill, are unaware of what is contained in the explanation, bearing in mind that the second reading speech and explanation of the clauses are only made available to one or two Opposition members.

The Hon. J. C. Burdett:That's usual.