**WHEAT INDUSTRY STABILIZATION ACT AMENDMENT BILL 1953**

**House of Assembly 21 October 1953, pages 1133-6**

Second reading

**The Hon. Sir GEORGE JENKINS (Minister of Agriculture)—-**I move—

That the Bill be now read a second time. This Bill provides for the continuance of wheat marketing by the Australian Wheat Board for the next three wheat harvests and, incidentally to this, for fixing the home consumption price to be charged for wheat during the next three years and the mode of determining the price to be paid by the board to growers. The Wheat Industry Stabilization Act of 1948 has now expired except so far as it continues to apply to last season’s wheat.

This Act was part of a Commonwealth-wide scheme providing both for orderly marketing and price stabilization. Orderly marketing was secured by the establishment of the Australian Wheat Board and the enactment of laws in all States requiring growers to deliver their wheat to the board and requiring the board to sell it and distribute the proceeds among the growers. Price stabilization was secured by a Commonwealth guarantee of a price not less than the cost of production, the guarantee being supported by the creation of a fund to which the growers themselves contributed through the medium of taxes on wheat. This marketing and stabilization scheme, however, has now completed its statutory life and will not, unless renewed, apply to the coming season or thereafter.

The present Bill contains the proposals which have, so far, been agreed upon between the Commonwealth and all the States in relation to wheat of the three next seasons. This agreement is limited at present to orderly marketing, but the possibility of obtaining a price stabilization scheme is by no means to be ruled out. Price stabilization is still being considered by the Commonwealth and the States, but as a stabilization scheme involves a levy on wheat which is borne by the growers, it is generally accepted that no such scheme should be introduced until it has been submitted to the growers by ballot and approved by the majority. The Government is still hopeful that agreement will be reached on some price stabilization scheme and will be willing to introduce legislation for a poll on this subject as soon as that becomes practicable. It seems, therefore, that I shall have the privilege of introducing, I hope during the present session, a Bill to give effect to price stabilization. Discussions between the Federal Minister of Commerce and the Ministers of Agriculture in the various States indicate that there is more than a possibility of agreement on this matter. Any such legislation will provide for stabilization for five years, and a poll of growers to express their approval or otherwise of the scheme.

On the subject of orderly marketing, the Bill by clause 10 provides that the marketing scheme will continue until September 30, 1956, that is to say, it will cover the wheat of the next three harvests and growers will continue to be under a duty to deliver their wheat for sale to the board. The home consumption price of wheat during that period is provided for in clause 9 of the Bill. The basis of this price will be the International Wheat Agreement price, or 14s. a bushel, whichever is the lower. As the International Wheat Agreement price is now 16s. Id. the immediate practical effect of the clause will be that the home consumption price will be 14s. a bushel for wheat of fair average quality free on rails at ports. This price, however, is subject to alteration in the light of two factors. One is that if the home consumption price determined in the way I have mentioned is less than the cost of production, such price will be raised to a sum equal to the cost of production. The cost of production from year to year will be determined by the Commonwealth after consultation with the States. In working it out the Commonwealth authorities will assume that the cost of production in the season 1952-53 was 11s. 1d., and will make such variations in that amount as are justified by altered costs in each season. It does not appear likely at present that the proposed price of 14s. will have to be modified in the near future on the ground that it is below the cost of production.

The other factor which will affect the home consumption price is a surcharge of 1 1/2d. a bushel or some other small sum as a contribution towards the cost of shipping wheat from the mainland to Tasmania. It has been agreed, as part of the marketing plan, that the home consumption price of wheat in Tasmania will be the same as on the mainland and, in order to secure this, it is necessary that the home consumption price of wheat generally shall be increased by a small amount in order to provide funds to pay the freight on wheat shipped from the mainland to Tasmania. The Bill provides for varying the amount of 1 1/2d. a bushel, if that figure should prove to be too high or too low. The Tasmanian freight account will be kept separately; and if, when the present Bill ceases to operate, there is any balance in that account it will be applied for the benefit of the wheat industry. The provisions as to the determination of the price to be paid by the board to growers are set out in clause 8. The basis of the price is, of course, the pooling of the net proceeds of the sale of all wheat of each season delivered to the board throughout Australia. The Bill provides that before dividing the net proceeds among growers, the board is to deduct a suffi­cient sum to pay a premium of 3d. a bushel on all Western Australian wheat which is available for export to places outside Australia. The object of this is to give Western Australia the benefit of the higher returns which it can normally get for its wheat because it is nearer to overseas markets than the other States, and its overseas freight rates are consequently less. The balance of the pool, after providing for the Western Australian premium, will be divided among the growers in proportion to the amount of wheat delivered by each of them to the board. Due allowance will be made for differences in the quality of wheat, transport charges, carriage of wheat to the terminal port from the place where it is delivered to the board, and any other necessary adjustments in particular cases. The Bill also provides for advance payments to be made to growers with the approval of the Commonwealth Minister.

The other amendments made by the Bill are of minor importance. Clause 4 contains consequential amendments only. Clause 5 strikes out some references to the acquisition of wheat by the board which are not necessary, and may lead to constitutional difficulties in connection with the interpretation of the Commonwealth Act. Clauses 6 and 7 deal with the monetary penalties for offences in connection with non-delivery of wheat or unauthorized dealings with wheat. The maximum fine for any such offence is thrice the value of the wheat in respect of which the offence is committed. In order to clarify the meaning of the expression “value of wheat”, these clauses provide that the value to be taken into account will be that certified by the board as the value of the wheat on the basis of the board’s prices in the State at the time when the offence was committed. It will be seen, therefore, that although the Bill may appear complicated the basic principles of it are quite simple, namely, the continuance of an orderly marketing scheme for three years, and the maintenance during that time of a home consumption price for all purposes based on 14s. a bushel, subject to reduction if the International Wheat Agreement price shall be lower than that figure, and also to the principle that the home consumption price shall not be below the cost of production.

In fixing the price of 14s. in the first instance the Agricultural Council had in mind the possibility that overseas prices might fall considerably, and that prices under the International Wheat Agreement might fall below the 14s. If it fell below 14s., that would be the price at which wheat would be sold for human consumption. It must be borne in mind that the price under the International Agreement varies from 18s. 3 1/2d. to 13s. 10d. and that wheat can be sold under the agreement at any price between those prices. We must realize the wisdom of the Agricultural Council in determining that the price paid to the growers shall not fall below the price of production, and that is all the farmers are guaranteed under the scheme.

Mr. O ’Halloran—Does that mean that the cost of production as disclosed by the present formula?

The Hon. Sir GEORGE JENKINS—It is the cost of production ascertained by the Bureau of Agricultural Economics. There may be slight variations, but broadly speaking that is the basis.

Mr. O’Halloran—Whatever happens, the price cannot rise above 14s.

The Hon. Sir GEORGE JENKINS—That is so. The price is fixed not only for human consumption, but for stock feed also. Stock foods such as barley and oats will probably be considerably cheaper than wheat. The value of export barley today is not nearly so high as that for wheat, and consequently it is assumed that there will not be nearly so much wheat used for pig and poultry feeding during the years immediately ahead because of the lower priced barley which will be available. At one time export barley was being sold for £1 a bushel, but possibly will be the cheapest food that can be used for animal production. It has been my lot to have much to do with the wheat stabilization schemes introduced into this House. Over the past 10 years I have been attending the meetings of the Agricultural Council and consequently have been closely associated with all the discussions which have taken place to bring to fruition wheat stabilization in this country. The legislation which has been in operation for five years and is now expiring was introduced in this House by me and similar legislation was carried by the Federal and other State Parliaments after the Agricultural Council, of which I was a member, had agreed to the terms upon which it should be introduced. Therefore, it gives me a great deal of pleasure to be associated with the introduction of this measure.

I want members to realize that in the first instance the Agricultural Council set out to prepare a wheat stabilization scheme which would extend over a period of five years, but because of the possibility of such a scheme not being agreed to in all States the proposal now before the House was submitted. Before that scheme can be given effect to growers in all the States must vote by ballot in favour of it so that we can have an over-all policy for the Commonwealth. Realizing that such a scheme might not be endorsed by growers in all States, the Agricultural Council decided that it would be wise to bring forward a reserve plan which would enable the orderly marketing of wheat to continue for a period of three years. If we were to give effect to the International Wheat Agreement it was necessary that the Commonwealth Government or some authority under it must have the control of wheat. I am sure that members will realize for that reason alone that the Bill is necessary. Further, the Ministers of Agriculture were seized with the fact that Australian marketing had been carried on for so long under the Commonwealth scheme that many of the merchants who had previously handled wheat had almost gone out of existence, and because of the tremendously high price ruling for wheat in recent years they would have found it most difficult to finance wheat crops. Because they were not in a position to do so, it was decided that it would be wise to bring down this reserve scheme I have outlined. I have every confidence that the House will pass the Bill and enable the orderly marketing scheme to continue in Australia for the next three years.

Mr. O’Halloran—Will it result in increasing the price of bread, and if so by how much a loaf ?

The Hon. Sir GEORGE JENKINS—The present price of wheat for home consumption is 11s. 1d. a bushel. The price may probably rise to 12s. 6d. or 12s. 8d., which in itself may necessitate a rise in the price of bread. It is expected that the over-all effect of the general rise in wheat for home consumption to 14s. a bushel will possibly result in bread being increased by Id. a loaf. I am not giving anything positive, because eventually the Prices Ministers will determine the price of bread in each of the States: I ask members to support the Bill, because it will be in the interests of wheatgrowers and the people generally.

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