**WHEAT MARKETING BILL 1984**

**LEGISLATIVE COUNCIL, 14 NOVEMBER 1984, PAGE 1857**

**Second reading**

**The Hon. FRANK BLEVINS (Minister of Agriculture):**I move:

*That this Bill be now read a second time.*

This Bill gives effect to decisions made by Australian Agricultural Council on new wheat marketing arrangements that will apply for five years from 1 October 1984. The Bill is complementary to the Commonwealth Wheat Marketing Act, 1984. The Bill maintains the basic elements of the wheat marketing scheme that has operated for the past five seasons. Growers net returns will be underwritten at the current 95 per cent level, and a high proportion of this underwritten level will be paid to the grower on delivery of the wheat as a first advance from the Australian Wheat Board. Changes have been made to the basis for calculating the underwritten price to reduce the risk level to the Commonwealth Government.

Export marketing will remain the prerogative of the Board. New pricing arrangements for domestic human consumption wheat have already been given effect by the passage of the Wheat Marketing Act Amendment Act, 1984. Stockfeed wheat will be able to be traded direct between grower and end user via a permit scheme administered by the Board. The powers of the Board have been extended to give it greater commercial flexibility. I now wish to comment on the major components of the Bill:

1. Underwriting—first advance to growers: The Commonwealth Government will continue to underwriters per cent of net wheat returns. This underwritten price is given effect through a guaranteed minimum price paid for Australian standard white wheat. There is, however, a change in the method of calculating the guaranteed minimum price in that the highest priced year has been removed from the averaging formula. The basis will now be the estimated returns from the subject season and the lowest two of the previous three seasons. This avoids the triggering of a Commonwealth underwriting commitment because of a short-term rise in prices, rather than a fall.
2. A further change is that only the subject season's costs will be underwritten rather than the current three-year moving average. This will ensure that the Government's liability is not increased by unusual circumstances such as occurred in the 1983-84 season with its record crop and high proportion of weather damaged wheat. Once the guaranteed minimum price has been established for Australian standard white wheat, the Bill provides for guaranteed differentials for other specified categories of wheat based on the expected market value of those grades relative to Australian standard white wheat.

Instead of receiving the full guaranteed minimum price payment on delivery, growers will receive a split first advance. The Commonwealth Minister for Primary Industry will determine the interim guaranteed minimum price by 1 October each year. Growers will be paid on delivery of their wheat 90 per cent of the then estimated guaranteed minimum price and any quality differential. Early in the season the Commonwealth Minister will determine the final guaranteed minimum price, at which time the remainder of the first advance will be paid to growers. The Bill provides that the final guaranteed minimum price be determined no later than 1 March. However, it is intended that the final advance payment be made to growers during February.

Domestic pricing and marketing: Domestic pricing arrangements for human consumption wheat under the new scheme have already been put in place by the passage of the Wheat Marketing Act Amendment Act, 1984. The Bill enables domestic stockfeed wheat to be traded directly between growers and end users under permits issued by the Board. Permit sales will be outside the normal pooling arrangements. This system will operate under Ministerial guidelines. It is intended that the permit system be introduced in all participating States except New South Wales on 3 December 1984. New South Wales will introduce the system by mid-November 1984. Direct grower to buyer sales through the normal pooling arrangements will continue to be possible.

3. Powers of the Australian Wheat Board: This new marketing plan increases the commercial flexibility of the Board by enabling, for example, it to operate on the United States corn futures market.

These new marketing arrangements have been discussed extensively with all sectors of the wheat industry and have received broad industry support. This complementary Bill is of great importance to the wheat industry and I commend it to the Council. 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 provides that the proposed Act commences on the commencement of the Commonwealth Act. Clause 3 is an interpretation provision. Of significance is the definition of 'season'—meaning the period of 12 months commencing on 1 July 1984 and the next six succeeding periods of 12 months. Clause 4 provides that the proposed Act shall be construed subject to the Commonwealth Constitution.

Clause 5 specifies the functions and powers of the Australian Wheat Board ('the Board'). The functions include wheat marketing controls and the authority to determine wheat classification and quality standards for delivered wheat after consultation with the authorised receivers. The Board is also allowed to operate on futures and currency markets to help protect itself against adverse variations in the terms of its wheat sales and borrowings. The Board's futures operations include corn futures markets because of interrelationships between corn and feed wheat futures. Subclause 5 (7) provides for the determination of guidelines under the Commonwealth Act for the Board's futures operations. Clause 6 provides that South Australian Co-operative Bulk Handling Limited ('the Company') is an authorised receiver, and makes provision with respect to operation and obligations of authorised receivers.

Clause 7 provides that the Board is subject to the direction of the Commonwealth Minister in the performance and exercise of its functions and powers. Clause 8 requires a person who is in possession of wheat to deliver the wheat (except exempt wheat) to the Board. Upon delivery in accordance with the clause, the wheat becomes the property of the Board absolutely. The exempt wheat is essentially wheat for farm use by the grower, wheat traded under the stockfeed wheat permit system and wheat sold by the Board. Clause 9 provides for the manner of delivery of wheat to theBoard and for the furnishing of information by a person delivering the wheat. Clause 10 enables a person to obtain from the Board, in respect of seed wheat or wheat of inferior quality, a declaration that the proposed Act does not apply to the wheat the subject of the declaration. Clause 11 authorises the Board to issue permits for the movement of wheat off-farm:

1. for gristing so long as the produce of gristing is returned to the farm;
2. for use on an associated farm where such movementis considered not to affect the orderly marketing of wheat;
3. for the purpose of feeding stock owned by the growerand which are agisted on another property.

Subclause (6) defines what is meant by an associated farm.

Clause 12 provides for the operation of a stockfeed wheat permit system for sales direct from growers to users outside the normal pooling arrangements. Regular returns are required to be made to the Board, containing details of wheat purchased under permit. Provision is made for Ministerial guidelines concerning operation of the permit system. The permit system will operate under guidelines issued by both the Commonwealth and the State Ministers. Clause 13 enables a wheat grower to accept, upon being so authorised by the Board, an offer made by a third party to purchase his wheat. Any such sale forms part of the normal pooling arrangements. The price agreed by the grower and buyer is paid to the Board. Clause 14 reinforces the Board's control over the marketing of wheat by detailing circumstances that constitute unauthorised wheat dealings.

Clause 15 provides for the Board to make interim and final advance payments to growers for the five seasons commencing 1 July 1984. Clause 16 provides for the final payment to be made for wheat referred to in proposed section 15. Clause 17 provides for the adjustment of the preliminary allowances in the payments made for wheat referred to in proposed section 15. Clause 18 provides for an early estimated final payment in lieu of the final payment under proposed section 16.

Clause 19 provides for the payment to be made for wheat acquired by the Board, where the wheat is wheat of one of the last two seasons commencing 1 July 1989. Clause 20 makes provision with respect to the rights of persons in relation to money payable by the Board pursuant to proposed sections 15, 16, 17, 18 or 19. Clause 21 generally makes provision for the price at which wheat of various qualities and for various uses shall be sold by the Board for home consumption. Provision is made for an administered domestic price for human consumption wheat determined quarterly on the basis of an averaging of the Board's quoted forward Australian Standard Wheat export prices for the forward and past quarters, plus a margin—set by the Commonwealth Minister. Provision is made for the determination of the prices of wheat for stockfeed and industrial uses.

Clause 22 provides that the Board shall keep a separate account in respect of the allowance made in the price of wheat for the cost of shipment to Tasmania and makes provision with respect to the application of money in that account and certain other money. Clause 23 provides for the appointment of authorised persons for the purpose of various provisions of the proposed Act. Clause 24 empowers the Board to require persons to furnish information in relation to wheat and wheat products. Clause 25 requires a person having possession of wheat which is the property of the Board to take proper care of it. Clause 26 provides that the company shall notify the Board of the proportion of its income by reference to capital expenditure in relation to its facilities as an authorised receiver.

Clause 27 enables authorised persons to have the right of entry to premises where there is wheat which is the property of the Board or which is required to be delivered to the Board or where there are books or documents relating to wheat. This right can be exercised with the consent of the occupier, or without his consent if a justice of the peace issues a warrant. The functions of an authorised person under this section are to search for and inspect wheat and documents. Clause 28 provides for summary proceedings. Clause 29 provides for the making of regulations. Clause 30 repeals the Wheat Marketing Act, 1980, but preserves its operation in certain respects. Clause 31 makes transitional provisions with respect to payments for wheat under the repealed Act.

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