WHEAT MARKETING AMENDMENT BILL 1985

Date Introduced: 23 April 1985
House: Senate
Presented by: Senator the Hon. Peter Walsh,
Minister Representing the Minister for Primary Industry

Short Digest of Bill

Purpose

To restructure the Australian Wheat Board (AWB) and to make certain amendments to the Wheat Marketing Act 1984 (the Principal Act) relating to wheat delivery and the permit system for stockfeed wheat.

Background

The AWB is a statutory authority responsible for the marketing of the Australian wheat crop. It was established under the Wheat Industry (Wartime Control) Act 1939, replacing all wheat marketing bodies in existence in Australia at that time. The Board was constituted in September 1939 to purchase, sell or dispose of wheat or wheat products and continued to operate by successive Wheat Industry Stabilization Acts. Each of these Acts provided for a five-year period and the first of these Acts was enacted in 1946. However, it was not until 1948 that the first post-war wheat industry stabilization program was negotiated between the Commonwealth and State Governments and the Australian Wheatgrowers Federation.

The AWB administered the stabilization scheme and as a result of the Stabilization Acts and complementary State legislation, all wheat was required to be marketed, domestically by the AWB. In addition, the Board was the sole seller of wheat and wheat products for the export market. The Wheat Industry Stabilization Acts also provided for deliveries of wheat to the AWB, price guarantees for export sales, home consumption prices for domestic sales and equalised prices to growers.

These wheat marketing and policy arrangements remained more-or-less unaltered until 1979, the beginning of the Seventh Wheat Plan. Under that Plan, the AWB continued to be the sole authority responsible for exporting wheat, flour and certain wheaten products as well the main seller...
on the domestic market. However, growers were allowed to undertake direct delivery of wheat from their property to a buyer, subject to the AWB's approval.

The stabilized price scheme was abolished in favour of a flexible guaranteed price whereby the Government guarantees a minimum return for a particular wheat pool which is equal to 95% of the average of the estimated net returns from the pool in question and those of the previous two pools. When all the wheat in respect of a season has been sold and proceeds collected, the AWB makes a final payment to the growers in realisation of the pool.

New wheat marketing arrangements apply for the five years, commencing 1 October 1984. However, many features of the Seventh Wheat Plan will continue. The Government will continue to underwrite wheat returns on a net basis calculated at 95% of a moving average of estimated returns. Changes to the underwriting arrangements include the removal of the high year from the underwriting formula, and a split first advance payment system whereby growers receive 90% of the then estimated GMP at the time of delivery and the remainder early in the season.

The Wheat Marketing Act 1984 introduced a permit system for direct grower to user sales of domestic stockfeed wheat outside the normal pooling arrangements, and a new method of calculating the domestic price of human consumption wheat. These changes require complementary State legislation. Furthermore, the membership of AWB was restructured in order to increase the Board's financial and marketing expertise. The Act provided for a Board to be constituted of a full-time grower Chairperson, one grower member from each mainland State, one government member, between 3 and 9 extra members appointed for their experience or qualifications in wheat growing, finance, commerce, marketing and other areas. Since 25 October 1984 the AWB Board has been comprised of 15 members. The terms of office of the current members expire on 30 September 1985.

Outline and Main Provisions

As a result of a review of the Board's operations by the Minister, the Board's membership will be restructured as provided for by this Bill. There will be an eleven member Board comprising a full-time grower Chairperson, one grower member from each mainland State, a Government member and four members with extensive experience in finance, marketing or industrial relations (amendment to section 14 by clause 11). Furthermore, an alternate grower member is to be appointed from each mainland State. Both the Chairperson and Government member will be selected by the
Minister (new section 36A inserted by clause 14). The other members and alternates will be nominated by the Selection Committee established by this Bill. This Committee will consist of an independent Presiding Member selected by the Minister, five wheatgrowers nominated by the Australian Wheatgrowers' Federation, the AWB Chairperson, the President and one nominee of the National Farmers' Federation (new section 33I inserted by clause 10). The term of office of Board members appointed on or after 1 October 1983 will be 3 years with eligibility for re-appointment (new section 35A inserted by clause 13).

The Bill also provides for amendments to the Principal Act so that sections relating to the delivery of wheat and the wheat permit system for stockfeed wheat will be consistent with existing complementary State legislation (clauses 4 to 8).

For further information, if required, contact:

Economics and Commerce Group
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