WHEAT INDUSTRY STABILIZATION AMENDMENT BILL 1978

Date Introduced: 9 November 1978
House: House of Representatives
Presented by: Rt. Hon. Ian Sinclair, M.P., Minister for Primary Industry

Short Digest of Bill

Purpose

To allow the Australian Wheat Board (AWB) to pay lower prices for wheat of an inferior variety,
to provide for costs incurred in the handling and storage of wheat to be charged to growers on a State basis and
to make other minor changes to the Principal Act (the Wheat Industry Stabilization Act 1974).

Background

The current Wheat Industry Stabilization Scheme, which commenced in 1948, aims to stabilize prices and incomes and achieve orderly marketing in the wheat industry. Under the Scheme a total of 6 Stabilization Plans have operated, with each 5 year Plan being provided for by a re-enactment at 5 yearly intervals of complementary Commonwealth-State legislation. The current (Sixth) Plan terminates at the end of the 1978-79 season.

The Scheme involves the guaranteeing of export prices, the setting of home consumption prices, the pooling of returns from all markets (domestic and export) and the payment to growers of an equalised price for all sales. The AWB, constituted under the Principal Act, administers the Scheme, and is empowered to be the sole receiver and seller of wheat on the domestic market and of wheat and wheat products on the export market. Growers must deliver to the Board all wheat which leaves their farms. The Board becomes the owner of wheat delivered to it.

The Board grants licences to receivers to accept delivery of wheat on its behalf. Licensed receivers are the Bulk Handling Authorities (BHAs, one in each State) and certain flour millers and stockfeed suppliers. BHAs provide country facilities or terminals (usually a railway siding silo) for the receival (from the farmer) and bulk handling of grain.
The price paid by the AWB to growers is net of rail freight from delivery point to seaboard terminal on an individual grower basis and also net of BHA charges. Costs incurred by the BHAs in handling and storing wheat are reimbursed by the AWB which in turn charges such costs to growers. In the past, in any one season, the Board has totalled such reimbursements to the 6 BHAs and has determined an average unit charge on a per tonne basis over the whole Australian crop to be deducted from the price payable to each grower. However, individual unit costs of the 6 BHAs have varied considerably with Victoria and South Australia generally being below the average and New South Wales and Western Australia above it (see: IAC, Wheat Stabilization, 1978, page 14). Furthermore, BHA costs have escalated recently and because of the averaging arrangement, it is not possible to directly charge growers in a particular State for costly expansions by their respective BHA. Accordingly, the Australian Wheatgrowers' Federation (AWF) and the AWB requested a change from an average Australia-wide basis for charging BHA costs to growers to a State basis. Eventually, all States agreed to this in the August 1978 meeting of the Australian Agricultural Council (AAC). This Bill provides that growers will now pay exactly the unit charge of their respective BHAs.

The AWF has requested the introduction of a scheme to discourage the growing of unacceptable varieties of wheat. The AAC agreed to this in principle. Currently, the AWB allows for quality differences when determining prices it will pay for wheat. This Bill will authorise the Board to also make allowance for differences in variety. Wheat which is not of a recommended variety (i.e., prescribed class) will attract a lower price. Varietal recommendations will be made by State Departments of Agriculture. By offering lower prices for unacceptable varieties, the Board will be able to maintain and improve the homogeneity and hence marketability, within a quality grade, of Australian wheat. All States have agreed to introduce the varietal control scheme, although Western Australia and Victoria are delaying their legislation for it until next year.

Provisions

Sub-clause 5(1) provides for several changes, commencing 1 October 1978 (sub-clause 5(2)), to be made to the system for determining wheat prices paid to growers by the AWB. New paragraph 24(2)(b) will remove the current ceiling of 92 cents per tonne payable to growers in respect of wheat shipped from Western Australia because of a freight advantage on such wheat. In the determination of wheat prices, new sub-paragraph 24(2)(c)(ii) will provide for allowance to be made for the variety of wheat delivered and
the place of delivery (except deliveries in Victoria and Western Australia). New sub-paragraph 24(2)(c)(iii) will provide for a deduction from the price paid by the AWB to a grower, to cover the unit charge of the BHA to which the grower delivered. New sub-section 24(2A) defines "prescribed class" of wheat in relation to a variety as being a class determined by the AWB for wheat delivered in a Territory and by the appropriate State Minister for wheat delivered in a State.

Clause 6 provides for amounts remunerated to a licensed receiver from the AWB to be agreed upon between the AWB and the receiver instead of between Commonwealth and State Ministers as at present. This will overcome the situation which can arise at present (and has occurred recently) where the BHAs incur expenses and may be remunerated accordingly by the AWB before Commonwealth-State Ministerial agreement has been reached as to the amount of remuneration.

Clause 3 provides for licensed receivers to be redefined as State corporations licensed by the AWB to receive wheat. Accordingly, 'State corporation' is defined to mean any one of the 6 BHAs as named. This provision is to remove any doubt that any of the BHAs are, especially the two co-operatives, for the purposes of the Principal Act, State authorities. Clause 4 provides for BHAs to operate through agencies and continues in force present licences to persons who are not BHAs.

16 November 1978

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