

## DAIRY INDUSTRY (EQUALISATION SCHEMES) AMENDMENT BILL

The Hon. J.K.G. Oswald, for the Hon. D.S. BAKER (Minister for Primary Industries) obtained leave and introduced a Bill for an Act to amend the Dairy Industry Act 1992. Read a first time.

The Hon. J.K.G. OSWALD: I move:

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

I insert the second reading explanation in *Hansard* without my reading it.

The Dairy Industry Act 1992 replaced two former State Acts, namely the Metropolitan Milk Supply Act 1946 and the Dairy Industry Act 1928. As a result of the new Act, the Dairy Authority of South Australia replaced the Metropolitan Milk Board and, for the first time, the dairy industry across the whole of South Australia was covered in the one Act.

The introduction of this Act was in line with the direction being taken in all States to reduce legislation in the dairy industry by giving more responsibility to industry for its own pricing mechanisms and quality control. Under this Act the removal of all price controls past the farm gate has occurred to the point where the only regulated price is the farm gate price. South Australia now leads other States in deregulation of the dairy industry.

Provision was made in the Act that market milk, no matter from where sourced or sold, was paid for at the declared farm gate price. This provision was to ensure national discipline as agreed to by all the States.

The Act also allowed for the establishment of a price equalisation scheme for market milk. Under the current Act, the Minister may establish a price equalisation scheme if an industry based voluntary price equalisation scheme is currently not operating.

Currently the dairy industry in South Australia operates a voluntary milk price equalisation scheme through a representative body known as the South Australian Market Milk Equalisation Committee. This Committee consists of three milk processors and three dairy farmer representatives and employs a Secretary/Treasurer.

This voluntary scheme has been in place since January 1994 and replaced a similar scheme which operated for many years in the Adelaide metropolitan supply area of the State. The objective of the scheme is to allow the dairy industry to operate a State-wide price equalisation scheme so that all farmers in the State have an equal share of the volume of market milk processed in South Australia. This involves a notional transfer of milk rather than the physical movement of milk between regions.

This scheme in South Australia is financed and directly operated by the dairy industry, whereas schemes in other States have fully legislated market milk equalisation schemes and Government staff are employed to administer them. If South Australia did not operate a market milk equalisation scheme, national levy arrangements would be under threat. During the first year of operation of the scheme, industry has questioned the validity of the scheme in two areas.

Firstly, there is a risk that the agreement formalising the arrangements of the voluntary price equalisation scheme may contravene the Commonwealth Trade Practices Act. To avoid this risk, this Bill defines 'authorised price equalisation schemes' and permits price equalisation schemes to be approved by the Minister by notice in the *Gazette*.

The second issue relates to possible technical breaches of section 25 of the Dairy Industry Act. Payments to dairy farmers under the Agreement take into account the administration costs of the scheme and the costs associated with notional transfer of milk between regions of the State. All market milk payments received by dairy farmers are therefore not at the farm gate price even though raw milk is purchased by wholesalers at the farm gate price.

This issue has been addressed in the Bill by including amendments to the Act exempting the sale of milk under an authorised price equalisation scheme if the price paid for the raw milk by the wholesale purchasers under the scheme is at least equal to the farm gate price for milk.

I commend the Bill to members.

Explanation of Clauses

*Clause 1: Short title*

This clause is formal.

*Clause 2: Amendment of s 3—Interpretation*

This clause inserts into section 3 of the principal Act the definition of an authorised price equalisation scheme.

*Clause 3: Amendment of s. 25—Guarantee of adequate farm gate price*

A new subsection (6) is proposed which provides that section 25 does not apply to the sale of milk under an authorised price equalisation scheme if the price paid for raw milk by wholesale purchasers under the scheme is at least equal to the farm gate price for the milk.

*Clause 4: Substitution of s. 26*

Section 26 of the principal Act is repealed and a new section is substituted.

*26. Authorised price equalisation schemes*

The new section 26 provides that the Minister may, by notice in the *Gazette* published on the recommendation of the Authority—

- establish a price equalisation scheme or vary or revoke a price equalisation scheme established under this proposed section; or
- approve a voluntary price equalisation scheme or an amendment to a voluntary price equalisation scheme.

An authorised price equalisation scheme—

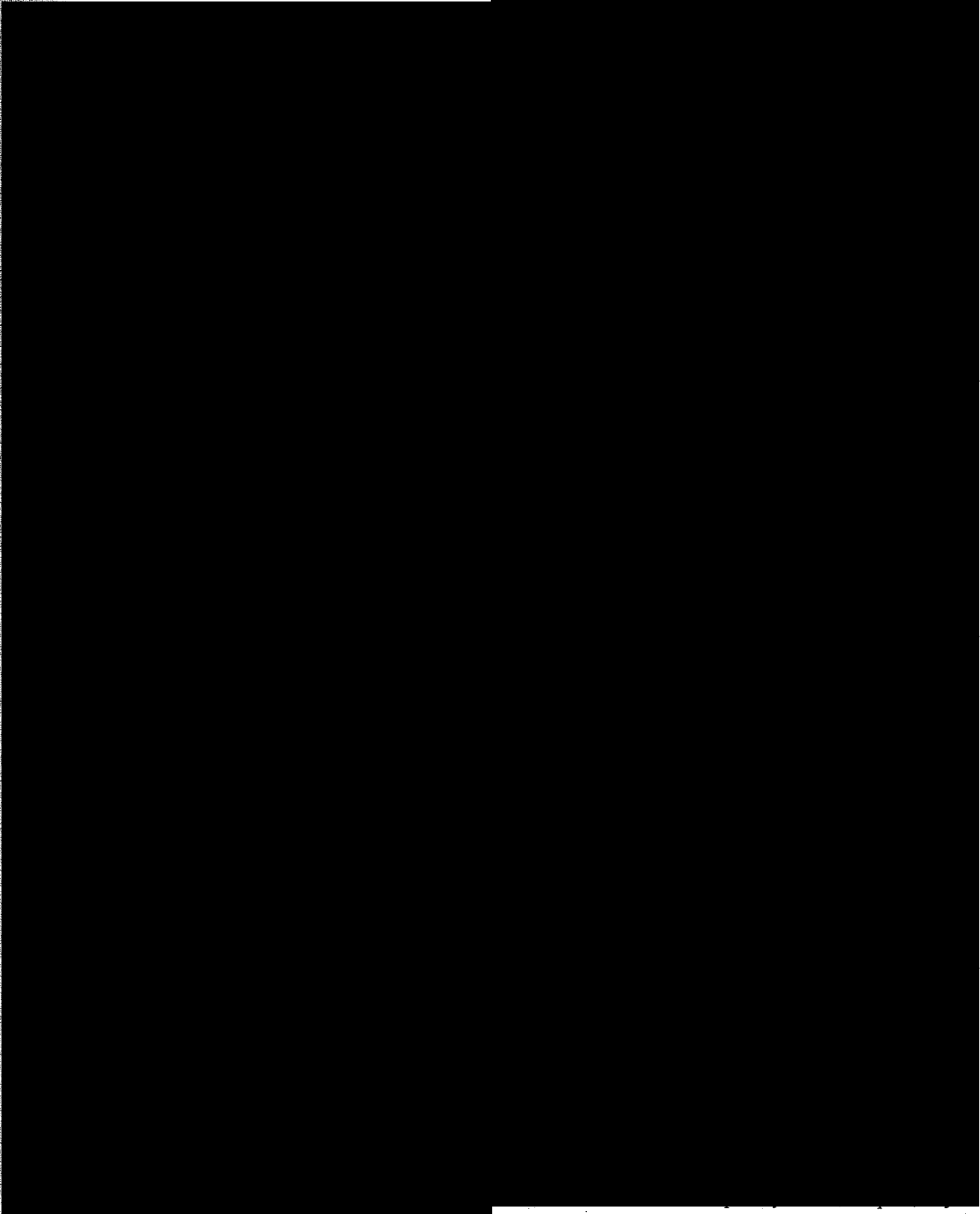
- is, subject to any provisions of the scheme providing for withdrawal, binding on dairy farmers and wholesale purchasers of dairy produce of a class stated in the scheme; and
- may impose a surcharge on licence fees, on a basis set out in the scheme, on licensees who are bound by the scheme.

The terms of a price equalisation scheme established or approved, and of amendments made or approved, under this proposed section

must be published in the relevant *Gazette* notice and such a notice must be laid before both Houses of Parliament and is subject to disallowance in the same way as a regulation.

For the purposes of the Trade Practices Act 1974 (Cwth), an authorised price equalisation scheme, and all acts and things done under the scheme, are authorised by the Dairy Industry Act 1992.

**Mr CLARKE** secured the adjournment of the debate.



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